ILLINOIS COMMERCE COMMISSION

ANNUAL REPORT
ON ELECTRICITY, GAS, WATER AND SEWER UTILITIES
2009

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COMMERCE COMMISSION

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AND SEWER UTILITIES

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ICC Annual Reports

This report is one of four annual reports issued by the Illinois Commerce Commission.

Annual Report on Electricity, Gas, Water and Sewer Utilities

(issued 1985—1995 as Annual Report on Public Utilities)
This report may be obtained from:
Illinois Commerce Commission
Chief Clerk's Office
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-7434
Also on: www.icc.illinois.gov

Annual Report on Telecommunications

This report may be obtained from:
Illinois Commerce Commission
Chief Clerk's Office
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-7434
Also on: www.icc.illinois.gov

Annual Report on the Transportation Regulatory Fund

This report may be obtained from:
Illinois Commerce Commission
Transportation Division
Walk-In Center
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-4654

Annual Report on the Use of the Grade Crossing Protection Fund

This report may be obtained from:
Illinois Commerce Commission
Transportation Division
Walk-In Center
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-4654

The ICC On Line

Agendas for Commission meetings, selected Commission orders, annual reports, and other information are available on line from the Commission's Web Site: www.icc.illinois.gov

ICC's Electronic Docketing System
http//eweb.icc.illinois.gov/e-docket

Plug In Illinois—Choosing an Electric Supplier
www.icc.illinois.gov/ags/consumereducation.aspx

Contacting the ICC

Springfield and Chicago Offices

Illinois Commerce Commission
527 E. Capitol Avenue
Springfield, Illinois 62701

Illinois Commerce Commission
160 N. LaSalle, Suite C-8OO
Chicago, Illinois 60601

For any public utility service issue, for assistance, or information, or to file an informal complaint, please contact the ICC's Consumer Services Division.

Toll-free: 800/524-0795 (In Illinois only)
800/858-9277 (TTY)
Chicago:
Illinois Commerce Commission
Consumer Services Division
160 N. LaSalle Street
Suite C-8OO
Chicago, IL 60601
Springfield:
Illinois Commerce Commission
Consumer Services Division
527 E. Capitol Avenue
Springfield, Illinois 62701

On matters pertaining to trucking, and household goods moving, which are under the Commission's jurisdiction, please contact the Transportation Division Walk-In Center in Springfield.
217/782-4654
217/782-4915 (TTY)

For Railroad Safety issues, please contact:
217/782-7660

For Relocation Towing issues please contact:
Illinois Commerce Commission
Des Plaines Compliance Office
847/294-4326

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STATE OF ILLINOIS

Office of the Chairman & Commissioners

Illinois Commerce Commission

January 31, 2010

The Honorable Pat Quinn
Governor, State of Illinois
State Capitol, Springfield, Illinois

Chairman and Members, Joint Committee on Legislative Support Service
313 State Capitol, Springfield, Illinois

Dear Governor, Chairman and Members of the Joint Committee:

We are pleased to submit to you the Commission's 2009 Annual Report on Electricity, Gas, Water, and Sewer Utilities. This Report covers the period of January 1, 2009, through December 31, 2009.

The Annual Report is submitted in compliance with the Public Utilities Act and specifically addresses the items cited in Section 4-304 of that Act, which requires the Commission to report on the following subjects: a general review of agency activities; a discussion of the utility industry in Illinois; a discussion of energy planning; the availability of utility services to all persons; implementation of the Commission's statutory responsibilities; appeals from Commission orders; studies and investigations required by state statutes; impacts of federal activity on state utility service; and recommendations for proposed legislation.

Among other Commission reports provided to the Governor and General Assembly each year are the following:

Annual Report on Telecommunications
Annual Report on the Transportation Regulatory Fund
Annual Report on the Use of the Grade Crossing Protection Fund

Additional information about the Commission and its activities is available from the Commission's web site listed on the previous page.

Sincerely,

Manuel Flores
Chairman

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ILLINOIS COMMERCE COMMISSION

YEAR IN REVIEW

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ENERGY ISSUES: Electricity

Electric Restructuring

The electric market was opened to approximately 4.4 million residential customers May 1, 2002. At the end of 2009, 38 alternative suppliers were eligible to serve non-residential customers; however, 10 of those suppliers had secured Commission approval only to serve themselves or their affiliates. Eight suppliers were eligible to serve residential customers. To assist customers who may be considering switching to an alternative provider for electric service, the ICC website provides a list of the names, addresses, contact personnel, and telephone numbers of those companies providing alternative retail electric service.

Office of Retail Market Development

Pursuant to Public Act 94-1095 (the "Retail Electric Competition Act of 2006"), the Commission established the Office of Retail Market Development in 2008 with a director and two staff. New Section 20-102 of the Public Utilities Act requires the Commission to promote the development of an effectively competitive retail electricity market that is effective and beneficial to all Illinois consumers. To this end, the Office of Retail Market Development has focused its initial efforts on the implementation of Public Act 95-0700, which became effective in November 2007. Public Act 95-0700 requires Commonwealth Edison and the three Ameren Companies to file tariffs to provide a consolidated bill to retail customers and purchase the receivables of electric suppliers. These requirements are designed to remove some barriers to competition for residential and small commercial customers in Illinois. On September 30, 2008, the three Ameren Companies filed tariffs to implement some of the requirements of Public Act 95-0700. The Commission entered an order approving tariffs for the three Ameren Illinois Utilities on August 19, 2009, and the Ameren Illinois Utilities completed the implementation of its utility consolidated billing and purchase of receivables program on October 17, 2009. Commonwealth Edison has yet to file the required tariffs, although it is currently working to implement the system changes necessary for the utility consolidated billing and purchase of receivables program. Commonwealth Edison anticipates completion of this implementation by December 2010. The Commission concluded in the Order approving Ameren's utility consolidated billing and purchase of receivables program that consumer education and protection are very important for any program promoting retail electric choice and therefore directed staff to submit a proposed First Notice Rule of consumer protections and education measures. Staff submitted to the Commission proposed obligations of retail electric suppliers which include additional consumer protections and education measures. On December 2, 2009, the Commission entered a First Notice Rule and initiated a Docket to provide interested parties further opportunities to comment on Staff's proposal.

Alternative Retail Electric Supplier Service

As of October 2009, approximately 71,000 non-residential customers were purchasing power and energy from an Alternative Retail Electric Supplier or an electric utility selling outside its service area; this is an increase of 31% over the last year. The percentage of RES usage among non-residential customers with a peak demand above one megawatt in the service territories of the three Ameren Companies and Commonwealth Edison exceeds 90%. During 2008, the first residential customers switched to alternative suppliers since the residential market opened in May 2002. As of October 31, 2009, 234 residential electric customers had switched to an alternative supplier. Detailed electric customer switching statistics can be viewed on the Commission's web page at http://www.icc.illinois.gov/industry/publicutility/energy/switchingstatistics.aspx.

Electric Rate Proceedings

During 2009, the Commission reviewed rate filings for the Ameren companies for delivery services (Docket Nos. 09-0306/0307/0308). The Order in the Ameren delivery services dockets will be approved by May 2010. Subsequent to the conclusion of the Commonwealth Edison rate case in 2008, the Commission initiated an investigation into the Company's rate design (Docket No. 08-0532), which should be completed in 2010.

CONSUMER EDUCATION PROGRAMS

Electric Customer Choice –"Plug in Illinois"

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 restructured the state's electricity utility industry. Section 16-117 of the Public Utilities Act requires the Illinois Commerce Commission to maintain a consumer education program to provide residential and small commercial retail customers with information to help them understand their service options, rights and responsibilities.

Natural Gas Choice

In some parts of Illinois, natural gas utilities voluntarily offer their residential and small retail commercial customers the opportunity to choose their supplier of natural gas. Alternative Gas Suppliers offering service to these customers must be licensed by the ICC. A new law (Public

Act 95-1051) which took effect April 10, 2009 expanded consumer rights and protections. In accordance with Section 19-125 of the Public Utilities Act, the Commission website now includes consumer education information to help residential and small commercial customers understand their gas supply options and their rights and responsibilities. The educational information includes choices available, guidance for selecting an alternative gas supplier, comparisons of the prices and terms of products offered by alternative suppliers and procedures for addressing complaints.

ENERGY ISSUES: Gas

Gas Price Increases

During 2009, orders were approved for Nicor Gas Co. (Docket No. 08-0363) and Illinois Gas Co. (Docket No. 08-0482).

Peoples Gas Co. and North Shore Gas Co. filed for new gas rates in February 2009 (Docket Nos. 09-0166 and 09-0167). MidAmerican Energy Company filed for new gas rates in June 2009 (Docket No. 09-0312). AmerenCILCO, AmerenCIPS and AmerenIP filed for new gas rates in June 2009 (Docket Nos. 09-0309/0310/0311).

During 2009, the Commission monitored the commodity cost of natural gas through its reviews and reconciliations of Purchase Gas Adjustment filings submitted by the gas utilities.

FERC

In 2009, the Federal Energy Regulatory Commission ("FERC") continued to focus on improving the efficiency and transparency of the electricity and natural gas markets. With regards to natural gas, FERC issued orders approving numerous pipeline expansions and liquefied natural gas import terminals. Of particular interest to Illinois, the Bison Pipeline Project is pending approval from the FERC. When operational, the Bison Pipeline will move 477 million cubic feet of natural gas per day from the Powder River Basin in Wyoming to the Northern Border Pipeline Company system for delivery into the natural gas markets in the Midwest. Additionally, the Rockies Express East Pipeline became operational in 2009 and now provides natural gas shippers with enough pipeline capacity to ship over 1.8 billion cubic feet per day of Rocky Mountain natural gas to markets east of the Rockies. FERC also issued several major natural gas rulemakings in 2009 pertaining to the reporting of physical transactions, affirming the lifting of the maximum ceiling on certain secondary capacity releases, revising pipeline contract reporting requirements. With regards to electricity, the most notable FERC event was the remand of FERC's order approving PJM's cost allocation policy for new 500 kV and above transmission facilities. The ICC appealed the FERC's order to the US Court of Appeals in 2008, and the ICC argued that FERC's decision effectively imposed a billion dollars in costs on Illinois electric customers that created no benefits for Illinois. The remand is currently pending before the FERC. The FERC issued a request for comments on how it could improve transmission planning and cost allocation mechanisms. The FERC addressed "smart grid" issues including the application of digital technologies to the grid and the real-time coordination of information from generation supply resources, demand resources, and distributed energy resources. Additionally, the FERC worked to establish and implement reliability standards for the protection of critical electric infrastructure.

WATER AND SEWER ISSUES

Illinois-American Water Company ("IAWC") is the state's largest investor-owned water and sewer utility. In May 2009, IAWC filed tariffs requesting a general increase in water and sewer rates for all its districts. In October 2009, IAWC filed an application for a Certificate of Public Convenience to acquire the water system of the Stever District Improvement Association.

Aqua Illinois, Inc. ("Aqua") is the state's second largest investor-owned water and sewer utility. In July 2009, Aqua filed a joint petition with Ellwood Greens Utility Corporation to acquire the wastewater collection and treatment system. In August 2009, Aqua filed a joint petition with Northern Illinois Investment Group, Inc. to acquire the water production and distribution system.

In January 2009, Woodlawn Utilities Corporation filed an application for a general water rate increase using the Simplified Rate Case Procedures for the Sheridan Grove service area.

In March 2009, the Commission approved revised tariffs increasing water rates through the Simplified Rate Case Procedures for Cedar Water Company, Inc.

In April 2009, the Commission approved revised tariffs increasing water rates through the Simplified Rate Case Procedures for Silvis Heights Water Corporation.

Also in April 2009, the Commission issued an Order approving a water and sewer rate increase for the Washington Estates service area of Sundale Utilities, Inc.

In August 2009, the Commission approved revised tariffs increasing water rates through the Simplified Rate Case Procedures for Bahl Water Corporation.

In September 2009, the Commission denied Certificates of Public Convenience and Necessity to RME Illinois, L.L.C., for sewer service in two Lake County subdivisions.

In October 2009, Utilities, Inc. filed tariffs requesting a general increase in water rates for Apple Canyon Utility Company and Lake Wildwood Utilities Corporation.

Water and sewer utilities continued their usage of surcharges for purchased water, purchased sewage treatment, and qualifying infrastructure plant

COMMISSION ACTIVITIES

The Commission initiated live broadcasts of its meetings over the internet in February. The link to the audio broadcasts for those outside of the Commission offices was made available on the ICC's website at www.icc.illinois.gov/media/internet.asx to approximately 100 simultaneous users. The Commission posts a calendar of meeting dates with agendas on the website.

The U.S. Department of Energy awarded approximately $1 million in federal stimulus funds to the Commission to assist in processing, reviewing, litigating and evaluating new electricity projects including energy efficiency, smart grid, demand response, carbon capture and storage, transmission and distribution. The money, awarded as part of the American Recovery and Reinvestment Act of 2009, will allow the ICC to hire additional staff to meet the growth in cases focused on the modernization of the electric utility transmission and distribution systems.

In accordance with Public Act 96-0033, the Commission convened a series of workshops with interested parties to try to work out issues related to on-bill financing of energy efficiency projects for eligible customers of Illinois' electric and natural gas utilities. The Illinois General Assembly found that Illinois homes and businesses have the potential to save energy through conservation and cost-effective energy efficiency measures. Programs created under this law will allow utility customers to purchase cost-effective energy efficiency measures with no initial upfront payment, and to pay for those products and services over time on their utility bill.

The Commission approved licenses for 18 agents, brokers or consultants who filed applications in 2009 seeking authority to procure or sell retail electricity to utility customers in Illinois. Sample applications for licensing, bond information and administrative code parts outlining the licensing requirements, as well as a code of conduct were posted to the ICC's website. Agents, brokers and consultants applying for licenses to sell or market electricity in Illinois must adhere to the rules and provide the Commission with evidence of managerial, technical and financial capability. Each application must be reviewed within 90 days in compliance with the Public Utilities Act.

The Commission's Electric Policy and Natural Gas committees met with electric and natural gas utility, and energy executives to discuss energy supply issues, demand forecasts for 2009. The Commission also reviewed and approved the Illinois Power Agency's proposal to procure electricity for ComEd and Ameren Illinois' residential and small commercial customers in 2010.

The Commission received seven requests from persons wishing to address the Commission at its regulator bench sessions during 2009 and each request was granted in accordance with Section 2-107 of the Public Utilities Act which states "at each regular or special meeting that is open to the public, members of the public shall be afforded time ...to make comments or to ask questions of the Commission."

INTRODUCTION

The following report for calendar year 2009 was prepared to meet the requirements of the Public Utilities Act (PA-84-617). Section 4-304 of this Act instructs the Illinois Commerce Commission to prepare an annual report and provide copies to the Joint Committee on Legislative Support Services of the General Assembly, the Public Counsel, and the Governor.

Nine specific sections on which the Commission is asked to report are cited in the Act. The report is therefore divided into nine main parts, as follows:

A general review of agency activities;
A discussion of the utility industry in Illinois;
A discussion of energy planning;
The availability of utility services to all persons;
Implementation of the Commission's statutory responsibilities;
Appeals from Commission orders;
Studies and investigations required by state statutes;
Impacts of federal activity on state utility service; and
Recommendations for proposed legislation.

For the convenience of the reader, each part is given the same number designation as the corresponding subsection of the Public Utilities Act that it addresses.

Other information about the Commission and its activities is available from the Commission's web site, www.icc.illinois.gov.

During 2009, the following persons (listed alphabetically) served as members of the Illinois Commerce Commission.

Charles E. Box

John T. Colgan

Sherman J. Elliott

Lula M. Ford

Robert F. Lieberman

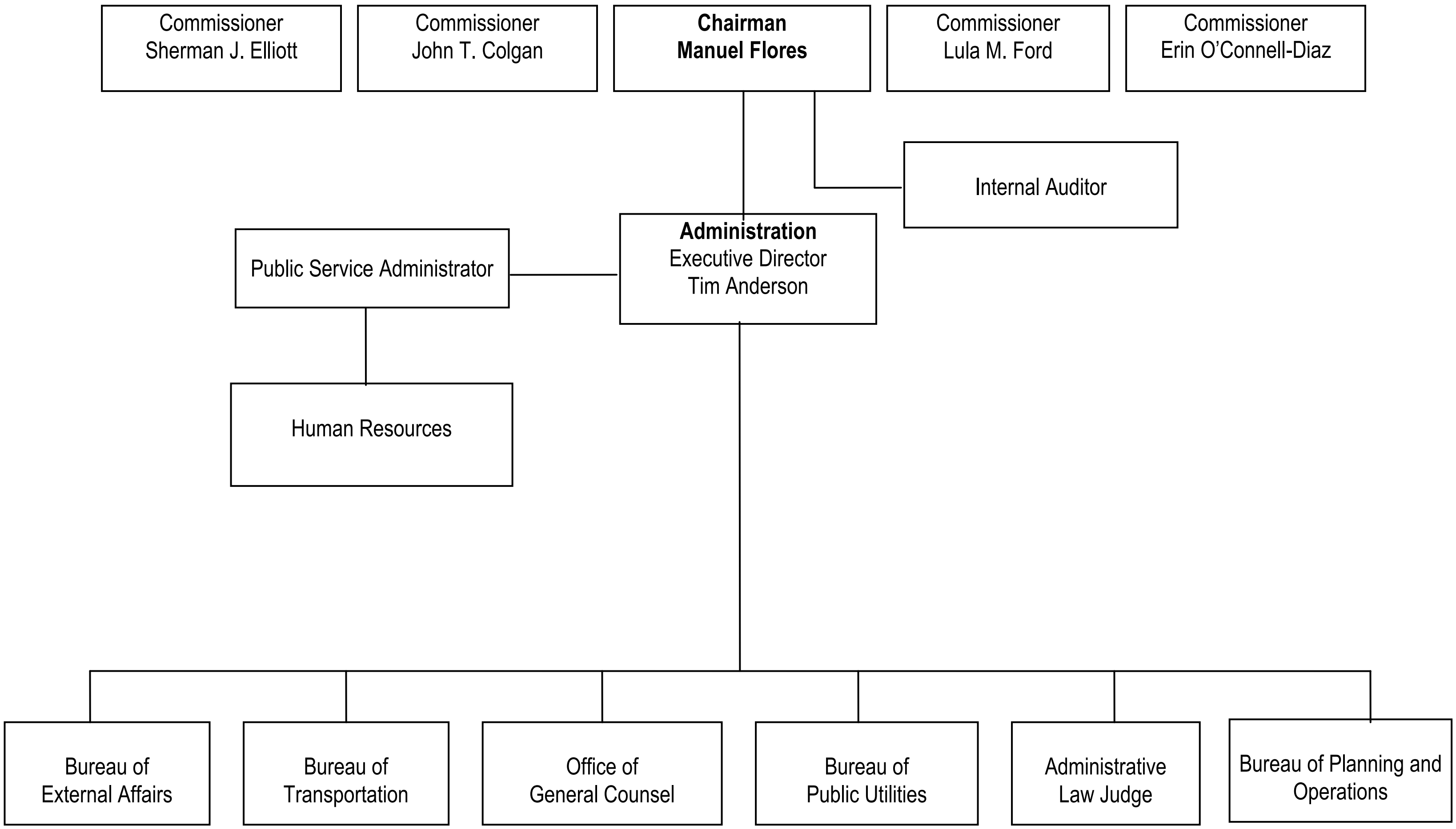
Erin M. O'Connell-Diaz

ILLINOIS COMMERCE COMMISSION

STATEMENT OF MISSION

The Illinois Commerce Commission, in a period of emerging reliance on the marketplace to ensure fairly-priced, reliable, and adequate utility services, will protect consumer interests and manage the transition of network industries from regulation to efficient competition through the use of innovative regulatory practices. Through its actions, the ICC shall generally promote effective competition in utility and transportation industries, enhanced consumer choice, efficient and effective dispute resolution, and the sharing of impartial and comprehensive information within its jurisdiction as provided by law.

ILLINOIS COMMERCE COMMISSION
ORGANIZATION CHART



Office of Public Affairs 1/10

SECTION 1

General Review of Agency Activities

Public Utilities Act Section 4-304 requires:

(1) A general review of agency activities and changes, including:

(a) a review of significant decisions and other regulatory actions for the preceding year, and pending cases, and an analysis of the impact of such decisions and actions, and potential impact of any significant pending cases;

(b) for each significant decision, regulatory action and pending case, a description of positions advocated by major parties, including Commission staff, and for each such decision rendered or action taken, the position adopted by the Commission and reason therefore;

REVIEW OF SIGNIFICANT COMMISSION DECISIONS

Appendix A of this report contains summaries of significant Commission decisions made and other regulatory actions taken in 2009. These summaries are by no means exhaustive, but they do provide a representative sampling of Commission actions. If the reader would like to know more about any of the cases discussed in this report, both the Commission's order and the record for decision are available for examination in the Commission's Springfield office. In any proceeding in which the Commission has entered an order on the merits, the best summary of positions advocated and reasons for the Commission's adoption of a position is contained in the order itself.

Copies of these documents are available free of charge to public officers; others may obtain copies upon payment of the fee established in Section 2-201 of The Public Utilities Act. Selected orders and other Commission documents may be found on the Commission's web page (www.icc.illinois.gov) or in the Commission’s electronic docketing system (http//eweb.icc.illinois.gov/e-docket).

PENDING CASES

As noted above, Section 4-304 of the Public Utilities Act also requires a review of pending cases, including an analysis of the potential impact and a description of positions advocated by staff and major parties. The Commission feels that it is precluded from entering into discussions of pending issues or characterizing positions advocated by staff and parties in pending cases. The dangers of acting otherwise include the possibility of violating restrictions on ex parte communications (see Section 10-103 of the Public Utilities Act and 83 Ill. Adm. Code 200.710) and the possibility of later being held to have prejudged issues pending before the Commission as of the date of this report. The Commission's record in pending cases is available for examination through the Chief Clerk's Springfield office.

SIGNIFICANT REGULATORY ACTIONS

Significant actions taken by the Commission during 2009 are described in the summary statement, "The Year in Review," immediately preceding this section.

(1-c) *a* ***description of the Commission's budget, caseload, and staff levels, including specifically:***

(i) a breakdown of type of case by the cases resolved and filed during the year and of pending cases;

CASES FILED DURING 2009

Table 1-1, Utility Cases Monthly Report, on the following page shows the cases and filings for each month for the years 2007, 2008 and 2009. This table also shows the totals by type for the year.

e-DOCKET: ICC's ELECTRONIC DOCKET FILING SYSTEM

To aid both the Commission staff and the public at large, the Illinois Commerce Commission has developed an electronic filing, reporting, and case management system called e-Docket that is accessible on the World Wide Web.

e-Docket is a Web-based, automated information and records-keeping system. It was developed to process and manage public information about the Commission's official cases and rulemaking proceedings. A person using e-Docket may conduct searches in two ways:

- **Search for cases:** permits searches by case types, service types, companies, and/or a date range as parameters.
- **Search for documents:** permits searches by document types, docket numbers, and/or a date range.

e-Docket has a variety of practical uses. Anyone interested in case proceedings conducted by the ICC may visit the e-Docket web site at http://eweb.icc.illinois.gov/e-docket and view a wealth of information about active and closed cases initiated on or after January 1, 2000.

e-DOCKET USERS MANUAL
PROVIDES INSTRUCTIONS FOR SEARCHING FOR DOCUMENTS

A twenty-four-page e-Docket users manual is available on the e-Docket web site to assist viewers in finding information about cases. It is important to remember, however, that e-Docket was first used as a way to store electronic documents in January 2000. Documents created prior to January 1, 2000, were filed with the Commission in paper format only. These are available for viewing in the Commission's Chief Clerk's Office.

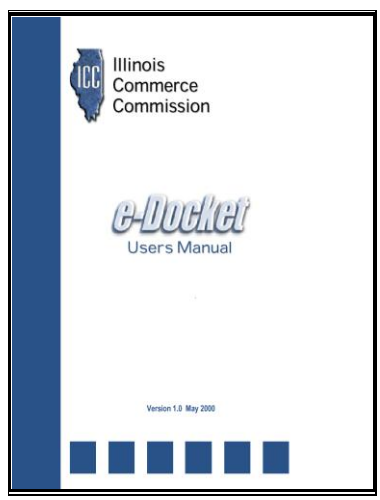


Table 1-1
Utility Cases Monthly Report

MONTHLY TOTALS	Current Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Calendar Year To Date
	Prior Year													
Filings:														
New Cases	2009	61	64	59	40	37	35	51	52	38	45	109	32	623
	2008	82	88	75	45	66	60	49	47	46	35	54	43	690
	2007	87	71	75	53	67	45	33	31	37	34	50	46	629
Filings/Reports (SPI)	2009	575	585	454	574	444	384	604	689	548	599	657	752	6,865
	2008	926	630	774	874	710	835	704	642	360	524	408	372	7,759
	2007	825	586	697	596	534	494	504	519	517	646	474	613	7,005
Filings/Reports (CHI)	2009	-	-	-	-	-	-	-	-	-	-	-	-	
	2008	-	-	-	-	-	-	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-	-	-	-	-	-	-
Hearing & Commission Action Notices	2009	107	106	115	119	106	116	160	136	163	130	135	159	1,552
	2008	146	138	141	147	127	144	137	123	157	107	100	96	1,563
	2007	167	78	136	156	142	115	142	137	125	112	114	93	1,517
Supplemental/Reopen Petitions	2009	-	-	-	-	-	1	-	-	1	-	3	-	5
	2008	-	1	-	-	-	-	1	-	-	-	-	-	2
	2007	-	-	-	1	1	-	-	-	-	-	1	-	3
Petitions for Rehearing	2009	-	-	1	5	4	-	3	2	-	-	2	-	17
	2008	-	2	14	-	-	-	2	4	1	39	1	-	63
	2007	1	2	1	-	3	1	2	2	2	2	1	-	17
Notice of Appeals	2009		-	1	-	2	-	-	3	2	-	-	-	8
	2008													-
	2007													-
Cases Closed	2009	24	65	75	41	52	38	46	42	36	34	50	59	562
(Orders/Commission Actions)	2008	46	68	90	73	50	46	73	45	46	42	56	57	692
	2007	90	45	82	60	49	71	40	51	44	45	40	36	653
Tariff Filings	2009	131	109	140	116	237	139	144	95	121	116	92	131	1,571
	2008	104	117	161	130	126	118	109	145	125	151	100	117	1,503
	2007	133	118	144	130	87	223	100	159	145	129	102	132	1,602

(ii) a description of the allocation of the Commission's budget, identifying amounts budgeted for each significant regulatory division, or office of the Commission and its employees.

(iii) a description of current employee levels, identifying any change occurring during the year in the number of employees, personnel policies, and practices or compensation levels; and identifying the number and type of employees assigned to each Commission regulatory function and to each department, bureau, section, division, or office of the Commission.

The following table shows the Commission's budget and authorized headcount by divisions and funding source.

TABLE 1-3

Budget and Headcount by Division

For Fiscal Year 2010

	Chairman & Commissioners		Public Utility Division		Transportation Division		Totals	
	Head Count	Budget $	Head Count	Budget $	Head Count	Budget $	Head Count	Budget $
Public Utility Fund	14	1,464,800	201	26,069,700	0	0	215	27,534,500
Transportation Fund	1	155,600	0	0	69	14,716,750	70	14,872,350
Digital Divide Infrastructure Fund	0	0	0	727,100	0	0	0	727,100
Capital Development Fund	0	0	0	0	0	56,123	0	56,123
Underground Utilities Damage Prevention Fund	0	0	0	151,000	0	0	0	151,000
Wireless Carrier Reimbursement Fund	0	0	1	8,252,600	0	0	1	8,252,600
Wireless Services Emergency Fund	0	0	1	83,600,000	0	0	1	83,600,000
Totals	15	1,620,400	203	118,800,400	69	14,772,873	287	135,193,673

Headcount is shown at the authorized level for FY10.

Budget $ shown represent the FY10 appropriation.

(1-d) a description of any significant changes in Commission policies, programs or practices with respect to agency organization and administration, hearings and procedures or substantive regulatory activity.

AGENCY ORGANIZATION AND ADMINISTRATION

There were no significant changes in Commission policies or programs with respect to agency organization or administration in 2009.

SECTION 2

A Discussion of the Utility Industry in Illinois

2. A discussion and analysis of the state of each utility industry regulated by the Commission and significant changes, trends and developments therein, including the number of types of firms offering each utility service, existing, new and prospective technologies, variations in the quality, availability and price for utility services in different geographic areas of the State, and any other industry factors or circumstances which may affect the public interest or the regulation of such industries.

SIGNIFICANT DEVELOPMENTS IN THE ILLINOIS REGULATORY ENVIRONMENT

Many of the developments in the electric industry came in the aftermath of the end of the rate reductions and freeze originally set forth in the Electric Service Customer Choice and Rate Relief Law of 1997 ("the 1997 Law"). Concern over higher rates subsequent to the end of the rate freeze culminated in the Illinois Power Agency Act, P.A. 095-0481 ("the IPAA"). The IPAA created a state agency, the Illinois Power Agency, to procure power and renewable energy resources for Commonwealth Edison Company ("Commonwealth Edison") and the three Illinois Ameren Companies (AmerenCILCO, AmerenCIPS, and AmerenIP). In addition, the IPAA required that major utilities meet goals for energy efficiency and demand response programs.

Public Act 96-0033 (Senate Bill 1918), which became effective in 2009, is likely to produce significant changes for Illinois electric and gas public utilities, their customers, and the Commission. This Act directs electric and gas utilities serving more than 100,000 customers to offer percentage of income payment plans to their customers; these plans would provide assistance to customers paying more that 6% of their income for electric and gas utility bills combined. The Act also directs the same electric and gas utilities to offer their customers on-bill financing for the purchase of cost-effective energy efficiency measures. It allows all electric and gas utilities to recover excess bad debt expenses through an automatic rate adjustment mechanism generally known as a "rider." The Act clarifies the deadline for the electric utilities to file plans outlining energy efficiency and demand response measures, and requires gas utilities with more than 100,000 customers to implement energy efficiency measures. The Act also adds restrictions on the employment of former Commissioners and Commission employees, requires the Commission to address specifically utility rate case expenditures for attorneys and experts in each general rate case, requires transcripts of all Commission meetings to be a part of the record in each case, and expands the scope of prohibited communications pertaining to rate matters. Finally, the Act imposes renewable portfolio standards on alternative retail electric suppliers and utilities operating outside their service territories.

Electric Power Procurement Obligations

Wholesale electricity purchased by Commonwealth Edison Company ("ComEd") and Central Illinois Light Company, Central Illinois Public Service Company, and Illinois Power Company (collectively, "Ameren") is subject to Section 1-75 of the Illinois Power Agency Act ("IPA Act")[1] and Section 16-111.5 of the Public Utilities Act ("PUA")[2]. These laws include the following major features:

- An annual procurement plan is prepared by the Illinois Power Agency ("IPA").
    - A draft plan is first submitted (by August 15) and subject to a 30-day public comment period.
    - At the end of the 30-days, the revised plan is filed with the Commission.
    - Parties have 5 days to raise objections with the filed plan.
    - The Commission has another 5 days to determine if hearings should be held.
    - A Commission order approving or modifying the plan must be entered within 90 days of the plan filing.[3]
- Procurement of "standard products" must be made through sealed-bid, pay-as-bid RFP processes.
- Procurement of "renewable energy resources" is also required according to the States' renewable portfolio standard ("RPS"), consisting of a schedule and a set of restrictions and preferences detailed in Section 1-75(c) of the IPA Act[4].
- The RFP process is conducted by an IPA-hired and Commission-approved "procurement administrator."

[1] 20 ILCS 3855/1-75
[2] 220 ILCS 5/16-111.5
[3] There is currently a procurement plan proceeding before the Commission (Docket 09-0373), and Ex Parte laws prevent any discussion of that case within this briefing.
[4] 20 ILCS 3855/1-75(c)

- The RFP process is monitored by a Commission-hired “procurement monitor.” At present, the Commission’s procurement monitor is the consulting firm of Boston Pacific Company.
- The procurement administrator and monitor independently submit to the Commission confidential reports within two business days after the receipt of bids.
- The Commission reviews the confidential reports and either accepts or rejects the recommendations of the procurement administrator within 2 business days after receipt of the reports.
- If, by the above action, the Commission approves of utilities entering into contracts, then contracts with winning bidders are executed within 3 business days.

To date, the implementation of plans subject to the above-cited portions of the IPA Act and the PUA has concluded with a series of five separate bidding events in the spring for five types of contracts:

1. Financial energy swaps entered into by the Ameren to establish fixed-quantity price hedges vis-à-vis MISO[5] day-ahead and real-time spot prices over portions of a one to three-year period.
2. Analogous physical energy contracts entered into by ComEd, to establish fixed-quantity price hedges vis-à-vis PJM[6] day-ahead and real-time spot prices over portions of a one to three-year period.
3. Contracts for a fixed quantity of renewable energy certificate (“REC”) generated during the upcoming 12-month plan year, in order to enable Ameren to satisfy the State’s RPS.
4. Analogous REC contracts to enable ComEd to satisfy the State’s RPS.
5. Capacity contracts to enable Ameren to satisfy resource adequacy requirements of MISO over portions of a one to three-year period.[7]

The results of previous procurements can be found on the Commission’s web site at http://www.icc.illinois.gov/electricity/ElectricityProcurement.aspx.

Shortly after the conclusion of the spring procurement events, Ameren and ComEd revise the base level of retail charges through which the costs of electricity and RECs are recovered from customers. Actual revenues and actual costs are monitored on a monthly basis, and rates are adjusted, as necessary, to minimize the accumulation of a revenue-cost imbalance. An annual audit and reconciliation proceeding is also held.

Retail Electric Choice

The Electric Service Customer Choice and Rate Relief Law of 1997 restructured the state’s electric service industry to allow for competition among suppliers. The 1997 Law established a fixed timetable for the introduction of electric retail choice in Illinois, beginning with approximately 64,000 non-residential electric customers, or about one-seventh of all non-residential customers, on October 1, 1999. An additional 609,000 non-residential customers became eligible for retail choice on January 1, 2001. An estimated 4.4 million Illinois residential customers became eligible for the retail choice program in May 2002. All customer classes are now eligible to choose alternative suppliers. At the end of October 2009, 38 suppliers were certified to serve non-residential customers though 10 of those sought Commission authority to only serve themselves or affiliates. Eight suppliers were certified to serve residential customers. Approximately 70,927 non-residential customers in Illinois were purchasing power and energy from a Retail Electric Supplier (RES) as of October 31, 2009. The percentage of RES usage among non-residential customers with a peak demand above one megawatt in the service territories of the three Ameren Companies and Commonwealth Edison exceeds 90%. There were 234 residential customers taking electricity service from a RES in Illinois at the end of October 2009. Detailed electric customer switching statistics can be viewed on the Commission’s web page at http://www.icc.illinois.gov/electricity/switchingstatistics.aspx.

Since electric competition was beneficial to larger commercial customers but little competitive activity occurred in the residential and smaller commercial customer classes, the Illinois General Assembly passed Public Act 94-1095 (the “Retail Electric Competition Act”) in 2007 reiterating “its findings from the Electric Service Customer Choice and Rate Relief Law of 1997 that the

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[5] MISO is the Midwest Independent Transmission System Operator. It is the regional transmission organization (“RTO”) to which Ameren belongs. MISO coordinates the movement of power in 13 U.S. states and the Canadian province of Manitoba. http://www.midwestiso.org

[6] PJM is the PJM Interconnection, which is the RTO to which ComEd belongs. PJM coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia. Originally, it operated within Pennsylvania, New Jersey, and Maryland; hence the name, PJM. http://www.pjm.com/

[7] ComEd has been authorized by previous approved procurement plans to satisfy resource adequacy requirements through payments directly to PJM, derived through PJM’s Reliability Pricing Model (“RPM”).

Illinois Commerce Commission should promote the development of an effectively competitive retail electricity market that operates efficiently and benefits all consumers." Public Act 94-1095 created the Office of Retail Market Development to actively seek out ways to promote retail competition in Illinois to benefit all consumers. The Office of Retail Market Development has spent much of its time with the implementation of Public Act 95-0700 (which became effective November 2007) requiring Commonwealth Edison and the three Ameren Companies to provide utility consolidated billing and the purchase of RES receivables. The requirements of Public Act 95-0700 were designed to remove some barriers to competition for residential and small commercial customers in Illinois. On September 30, 2008, the three Ameren Companies filed tariffs to implement some of the requirements of Public Act 95-0700, and on August 19, 2009, the Commission issued an Order approving Ameren's utility consolidated billing and purchase of receivables program. Ameren implemented its program on October 17, 2009. Commonwealth Edison has yet to file the required tariffs, although it is currently working to implement the system changes necessary for the utility consolidated billing and purchase of receivables program. ComEd anticipates it will complete this implementation by December 2010.

In the Commission's Order on August 19, 2009 approving the Ameren Illinois Utilities' consolidated billing and purchase of receivables program, the Commission concluded that, "consumer education and protection are both very important to any program implementing customer choice, particularly for smaller customers." Staff was ordered to submit a proposed First Notice Rule of consumer protections and education measures by the end of 2009. Staff submitted to the Commission proposed obligations of retail electric suppliers which include additional consumer protections and education measures. On December 2, 2009, the Commission entered a First Notice Rule and initiated a Docket to provide interested parties further opportunities to comment on Staff's proposal. Additional obligations of RESs included in the proposed rules include uniform disclosures, marketing requirements, a "Do Not Market List", training requirements for sales agents, a longer rescission period, record retention and availability requirements, notification of contract renewal and dispute resolution procedures.

DISCUSSION OF THE QUALITY, AVAILABILITY, AND PRICE OF UTILITY SERVICES BY GEOGRAPHIC AREA

ELECTRICITY

Six investor-owned public utilities provide electric service to retail customers in the State of Illinois:

AmerenCILCO
AmerenCIPS
AmerenIP
Commonwealth Edison Company
MidAmerican Energy Company
Mt. Carmel Public Utility Company

Municipal systems and electric cooperatives also provide electric service in Illinois; these municipal systems and electric cooperatives are not subject to regulation by the Commission.[8]

A detailed presentation of the 2008 sales statistics presented below can be found in the Commission's "Comparison of Electric Sales Statistics for Calendar Years 2008 and 2007" at http://www.icc.illinois.gov/publicutility/salesstatistics.aspx.

Northern Illinois

Two public utilities provide electric service in northern Illinois: Commonwealth Edison Company, and MidAmerican Energy Company. Commonwealth Edison Company is the largest investor-owned electric utility in Illinois, serving 3,806,862 customers in the northern Illinois including the Chicago metropolitan area. MidAmerican Energy Company provides service to 84,633 customers in northwestern Illinois.

For 2004 through 2008, these two utilities charged the following average prices, shown in cents per kWh, for bundled service and full requirements service customers:

	2004	2005	2006	2007	2008
Commonwealth Edison	7.82¢	7.80¢	7.74¢	10.30¢	11.06¢
MidAmerican	5.92	6.22	6.17	6.07	6.06

[8] Data concerning quality, availability, and price for these municipal electric systems and electric cooperatives are not reported to the Commission and are not included in this report.

Central Illinois and Southern Illinois

Four investor-owned public utilities provide electric service to central Illinois and southern Illinois: AmerenCILCO, AmerenCIPS, AmerenIP, and Mt. Carmel Public Utility Company. AmerenCILCO serves 214,343 customers in central Illinois. AmerenCIPS serves 392,680 customers across central and southern Illinois. AmerenIP serves 626,530 customers in central and southern Illinois. Mt. Carmel Public Utility Company serves 5,543 customers in southeastern Illinois.

For 2004 through 2008, these four utilities charged the following average prices, shown in cents per kWh, for bundled service and full requirements service customers:

	2004	2005	2006	2007	2008
AmerenCILCO	5.24¢	6.22¢	6.30¢	10.08¢	9.52¢
AmerenCIPS	5.85	5.86	5.78	9.17	9.91
AmerenIP	7.05	6.86	6.68	10.01	10.62
Mt. Carmel	7.62	7.70	7.75	9.29	12.36

Table 2-1

The bundled service price of electricity sold by the electric utilities varied between utilities and within utilities depending upon the class of customer served. Table 2-1 shows detailed price per kWh information for all eight electric utilities under ICC Jurisdiction.

Table 2-1

Illinois Electric Utilities

Revenue in Cents per kWh for Bundled Service and Full Requirements Service by Class of Service and by Company

2008

Class of Service	Ameren CILCO	Ameren CIPS	Ameren IP	ComEd	Mid-American	Mt. Carmel
Residential Sales	10.44	9.93	10.73	11.57	8.20	12.85
Small (or Commercial) Sales	10.27	9.96	10.73	10.32	6.49	13.52
Large (or Industrial) Sales	7.03	7.68	6.65	8.69	4.02	11.16
Public Street & Highway Lighting	9.79	14.07	9.51	9.05	8.63	-
Other Sales To Public Authorities	4.12	9.72	10.30	9.69	4.99	9.65
Sales to Ultimate Customers	9.52	9.91	10.62	11.06	6.06	12.36

Electric Reliability

Pursuant to Section 16-125 of the Public Utilities Act and the Commission's electric reliability rules found in 83 Ill. Adm. Code 411, each of the six investor-owned public utilities files an annual electric reliability report summarizing the entity's reliability performance, actions to maintain or improve its reliability, and other electric system reliability issues specific to the utility. Each utility's annual electric reliability report can be found on the Commission's web site at http://www.icc.illinois.gov/electricity/electricreliability.aspx.

The following two tables show that the overall reliability of service decreased in 2008 compared to 2007 for customers served by the six Illinois electric utilities. All the utilities stated that the number and severity of storms were a major contributor to the change in the overall service reliability in 2008 compared to 2007. The utilities report two indices that can be used to compare system reliability: the system (all customers) average interruption duration index ("CAIDI") and the system average interruption frequency index ("SAIFI").

The following table presents the CAIDI, which is the sum of all interruptions, in minutes, divided by the total number of customer interruptions, for years 2004 through 2008:

	CAIDI				
	2004	2005	2006	2007	2008
AmerenCILCO	247	165	489	151	303
AmerenCIPS	143	112	754	146	222
AmerenIP	268	196	1,545	346	198
Commonwealth Edison	128	104	149	193	180
MidAmerican	70	72	87	291	880
Mt. Carmel	177	66	224	63	69

Four of the six Illinois utilities reported that the average interruption duration increased (poorer reliability) in 2008 compared to 2007 with only AmerenIP and Commonwealth Edison's CAIDI improving.

The following table presents the SAIFI, which is calculated by dividing the total number of customers served into the total number of customer interruptions (the lower the value—the better the reliability), for years 2004 through 2008:

	SAIFI				
	2004	2005	2006	2007	2008
AmerenCILCO	1.45	1.23	1.61	1.16	1.75
AmerenCIPS	1.66	1.38	2.04	1.46	1.88
AmerenIP	1.49	1.38	2.53	1.38	1.41
Commonwealth Edison	1.21	1.18	1.43	1.53	1.33
MidAmerican	2.03	1.77	1.89	3.95	4.17
Mt. Carmel	2.69	1.39	1.90	2.56	4.30

Only Commonwealth Edison customers experienced an improvement in the overall average number of interruptions in 2008 compared to 2007. The remaining five Illinois utilities all reported that their customers, on an average, experienced more interruptions in 2008 than in 2007.

NATURAL GAS

Eleven (11) investor-owned gas public utilities currently provide natural gas service in the State of Illinois:

- AmerenCILCO
- AmerenCIPS
- AmerenIP
- Atmos Energy Corporation
- Consumers Gas Company
- Illinois Gas Company
- MidAmerican Energy Company
- Mt. Carmel Public Utility Company
- Nicor Gas Company
- North Shore Gas Company
- Peoples Gas Light and Coke Company.

Municipal gas systems and gas cooperatives also provide natural gas service in Illinois; these municipal gas systems and gas cooperatives are subject to regulation by the Commission.[9]

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[9] Data concerning quality, availability, and price for these municipal gas systems and gas cooperatives are not reported to the Commission and are not included in this report.

During 2009, natural gas service was available without major interruption to all firm customers served by these 11 Illinois gas utilities. A considerable number of commercial and industrial customers chose to purchase gas directly from wholesale suppliers and use the local gas utility as a transporter. Residential customers served by Nicor Gas Company, North Shore Gas Company, Peoples Gas Light and Coke Company are allowed to purchase gas directly from wholesale suppliers. During 2010, sufficient supplies of natural gas are expected to be available to all customers.

A detailed presentation of the 2008 sales statistics presented below can be found in the Commission's "Comparison of Gas Sales Statistics for Calendar Years 2008 and 2007" at http://www.icc.illinois.gov/publicutility/salesstatistics.aspx?type=g.

Northern Illinois

Four public utilities distribute and sell natural gas in northern Illinois: MidAmerican Energy Company, Nicor Gas Company, North Shore Gas Company, and Peoples Gas Light and Coke Company.

Nicor Gas Company is the largest gas distribution company in the state and provides service to 2,173,443 customers in northern Illinois. Peoples Gas Light and Coke Company, which serves the City of Chicago, is the second largest gas utility in Illinois with 829,776 customers. North Shore Gas Company serves 158,254 gas customers in communities north of the Chicago area. Finally, MidAmerican Energy Company serves 65,542 customers in northwestern Illinois.

As with the price of electricity, the price of gas varies among utilities and is generally determined by the suppliers of natural gas that serve the local distribution company.

For 2004 through 2008, these four utilities charged the following average prices shown in cents per therm:

	2004	2005	2006	2007	2008
MidAmerican	90.24¢	112.78¢	102.90¢	101.18¢	107.78¢
Nicor Gas	79.26	101.38	89.72	88.40	101.23
North Shore	94.11	117.43	114.58	114.96	118.71
Peoples Gas	106.36	130.15	130.80	127.01	128.48

Central Illinois

Three public utilities distribute and sell natural gas in central Illinois: AmerenCILCO, AmerenCIPS, and AmerenIP. AmerenCILCO provides gas service to 215,404 customers in central Illinois including the cities of Peoria and Springfield. AmerenCIPS serves mostly rural areas in central and southern Illinois, providing service to 185,165 customers. AmerenIP provides gas service to 421,304 customers in various parts of the state, ranging from Galesburg in west-central Illinois to areas in southwestern Illinois including the East St. Louis metropolitan area.

For 2004 through 2008, these three utilities charged the following average prices shown in cents per therm

	2004	2005	2006	2007	2008
AmerenCILCO	93.11¢	112.22¢	114.85¢	112.72¢	117.37¢
AmerenCIPS	105.61	122.32	120.92	117.94	127.56
AmerenIP	97.46	112.01	120.76	111.02	125.02

Southern Illinois

Gas distribution and sale of natural gas is provided in southern Illinois by two large distribution companies discussed above, AmerenCIPS and AmerenIP, and the following four smaller distribution companies: Atmos Energy Corporation, Consumers Gas Company, Illinois Gas Company, and Mt. Carmel Public Utility Company. Atmos Energy Corporation provides service to 22,585 customers in a number of distinct service areas in southern Illinois. Illinois Gas Company serves 9,745 customers in the Lawrenceville-Olney area. Consumers Gas Company serves 5,574 customers in the Carmi area. Finally, Mt. Carmel Public Utility Company serves 3,602 customers in the Mt. Carmel area.

For 2003 through 2007, these four utilities charged the following average prices shown in cents per therm

	2004	2005	2006	2007	2008
Atmos Energy	93.26¢	128.72¢	114.91¢	107.94¢	126.50¢
Consumers Gas	101.63	123.51	123.88	112.18	127.28
Illinois Gas	97.22	130.79	127.75	120.40	131.81
Mt. Carmel	99.57	128.77	136.86	129.02	139.36

Table 2-2

The price of gas sold by the gas utilities varied between utilities and within utilities depending upon the class of customer served. A major portion of the price per therm of gas is determined by the suppliers of natural gas that serve the local distribution company. Table 2-2 shows detailed 2008 price per therm information for all gas utilities under the Commission's jurisdiction.

Table 2-2
Illinois Gas Utilities
Revenue in Cents per Therm by Class of Service and by Company
2008

	Ameren CILCO	Ameren CIPS	Ameren IP	Atmos Energy	Consumers Gas	Illinois Gas
Residential Sales	122.07	129.63	127.77	129.22	124.93	138.04
Small (or Commercial) Sales	117.32	127.25	124.15	122.62	121.74	132.19
Large (or Industrial) Sales	104.54	110.27	110.43	116.75	287.89	118.51
Other Sales To Public Authorities	-	59.71	40.45	118.87	173.38	-
Total Sales To Ultimate Customers	117.37	127.56	125.02	126.50	127.28	131.81

	Mid-American	Mt. Carmel	Nicor Gas	North Shore Gas	Peoples Gas
Residential Sales	111.13	142.17	101.50	120.05	130.18
Small (or Commercial) Sales	102.72	133.23	100.85	113.83	121.23
Large (or Industrial) Sales	90.73	-	95.79	106.07	113.35
Other Sales To Public Authorities	-	-	-	-	-
Total Sales To Ultimate Customers	107.78	139.36	101.23	118.71	128.48

WATER AND SEWER UTILITIES

Overview

The Commission currently regulates 27 water, 4 sewer, and 12 combined water and sewer investor-owned utilities. While the number of investor-owned utilities is a small percentage of the 1,779 public water suppliers and 828 public sanitary sewage systems with treatment facilities in the state, these investor-owned utilities provide water service to approximately 1.23 million people and sewer service to 154,000 people. Investor-owned water utilities serve 10.3% of all persons in Illinois receiving water service from community public water supplies. These investor-owned water and sewer utilities serve customers in 35 counties and are primarily concentrated in the Chicago metropolitan area. The number of water and sewer customers served by each investor-owned utility ranges from 24 to 308,403. Only seven investor-owned water utilities serve more than 1,000 customers. See Table 2-3 for a comparison of bills for investor-owned water utilities providing service to 1,000 customers or more.

The Commission has continued its efforts to reduce the number of small utilities. Small utilities, due to their limited number of customers, typically have difficulties generating sufficient revenues to maintain the system and to hire employees with the necessary expertise to function efficiently as an investor-owned utility. The Commission has found that, in most cases, customers receive better service from larger utilities due to the economies of scale. The Commission has promoted acquisitions or mergers of small systems by larger municipal and investor-owned utilities to take advantage of these economies of scale. When acquisitions and mergers are not practical, the possibility exists of operating a small system as a mutual operation by a homeowners association. Mutual operations, which are exempt from Commission jurisdiction, often result in lower costs to customers for small systems. This type of activity was evident during 2009:

- In July, Aqua Illinois, Inc. filed a joint petition with Ellwood Greens Utility Corporation, a small investor-owned sewer utility in DeKalb County, to acquire the wastewater collection and treatment system (Docket No. 09-0335).
- In August, Aqua Illinois, Inc. filed a joint petition with Northern Illinois Investment Group, Inc., a small investor-owned water utility in Lake County, to acquire the water production and distribution system (Docket No. 09-0369).
- In October, Illinois-American Water Company filed an application for a Certificate of Public Convenience and Necessity to acquire the water system of the Stever District Improvement Association, a small public water district in Peoria County. (Docket No. 09-0451)
- The Water Department attempted to work with the owner of Eastwood Manor Water Company and Nunda Utility Company, whom expressed a desire to sell these two small, struggling investor-owned water utilities in McHenry County. However, the nearby large investor-owned utility felt that the asking price (approximately ten times current rate base) was too high.
- The Water Department provided information to a large investor-owned utility about acquiring Colonial Meadows Water Company, a small, struggling investor-owned water utility in McLean County.

Regulatory Activities

The Commission issued Orders and approvals in the following rate cases:

- On March 25, 2009, approved revised tariffs increasing water rates through the Simplified Rate Case Procedures for Cedar Water Company, Inc.
- On April 22, 2009, approved revised tariffs increasing water rates through the Simplified Rate Case Procedures for Silvis Heights Water Corporation.
- On April 22, 2009, issued an Order approving a water and sewer rate increase for the Washington Estates service area of Sundale Utilities, Inc. (Docket No. 08-0549).
- On August 19, 2009, approved revised tariffs increasing water rates through the Simplified Rate Case Procedures for Bahl Water Corporation.

In addition to the above rate cases, in January 2009, Woodlawn Utilities Corporation filed an application for a general water rate increase using the Simplified Rate Case Procedures for the Sheridan Grove service area. In May 2009, Illinois-American Water Company filed tariffs requesting a general increase in water and sewer rates for all its districts (Docket No. 09-0319). Then, in October 2009, Utilities, Inc. filed tariffs requesting a general increase in water rates for Apple Canyon Utility Company and Lake Wildwood Utilities Corporation (Docket Nos. 09-0548 and 09-0549).

On September 29, 2009, the Commission denied, for a second time, Certificates of Public Convenience and Necessity to RME Illinois, L.L.C., for sewer service in two Lake County subdivisions (Docket Nos. 08-0490 and 08-0491 (Consolidated)). In order to reach an adequate level of investment in the wastewater systems, the Commission Staff proposed rates of $181.08 and $297.34 per month for the two subdivisions. The Company proposed a charge of $53.30 per month under single tariff pricing format. The Commission found that the rates proposed by Staff would cause significant financial consequences for the utility's customers, and the rates proposed by the Company were inadequate to keep the systems in proper working order.

Some investor-owned utilities continue to use purchased water and sewage treatment surcharges and qualifying infrastructure plant surcharges. Purchased water and sewage treatment surcharges allow utilities to pass their cost of purchasing water or sewage treatment directly to the end-use customers. Qualifying infrastructure plant surcharges allow utilities to recover the cost of replacement mains, services, meters, and hydrants until such time that those investments are placed into rate base through the rate setting process. Currently, Harbor Ridge Utilities, Inc., and Illinois-American Water Company have purchased sewage treatment surcharges; Charmar Water Company, Del-Mar Water Company, Illinois-American Water Company, and Aqua Illinois, Inc., have purchased water surcharges; and Aqua Illinois, Inc. and Illinois-American Water Company have qualifying infrastructure plant surcharges.

Discussion of Water and Sewer Utilities

Water supplies for investor-owned water utilities were generally adequate in 2009.

Many of the larger investor-owned water utilities serve municipalities adjacent to the state's major rivers; these utilities use the rivers as their source of water supply. River supplies are generally adequate. When treated, the river water meets the standards established by the Illinois EPA.

Most of the smaller investor-owned water utilities serve unincorporated residential developments, often a single subdivision, and are typically located in the northern half of the state. Wells serve as the source of water supply for most small systems. Well water quality varies considerably, and well water can contain undesirable minerals such as iron, manganese, and calcium; these minerals, while not injurious to health, do cause aesthetic problems. Aesthetic problems have caused several well systems located in the Chicago metropolitan area to obtain Lake Michigan water.

Bills for water service typically reflect a flat meter charge and a volumetric charge. Utilities that incorporate multiple volumetric charges use a declining block rate structure. Most of the large investor-owned water utilities also charge for providing fire protection service. The water rates vary considerably and depend on many factors, including the age of the water treatment plant and treatment process, the source of the water supply, and the need for infrastructure improvements. Overall, water bills for residential customers average $30 to $35 per month.

Of the 16 investor-owned utilities that provide sewer service, only three systems provide service to more than 1,000 customers. Due to the prohibitive cost of constructing new sewage treatment plants for a limited number of customers, the smallest sewer systems have, where possible, sought treatment from nearby regional plants. For example, sewer utilities located within the boundaries of the Metropolitan Water Reclamation District of Greater Chicago (“MWRD”) discharge their wastewater to the MWRD for treatment. The investor-owned sewer utilities provide sewer service primarily to residential customers and serve a very limited number of commercial and industrial customers.

Bills for sewer service typically reflect flat rate charges or volumetric charges based on water usage, since metering of sewage flow is uneconomical and impractical for residential customers. The sewer rates vary considerably and depend on many factors, including the age of the sewage treatment plant and treatment criteria for the receiving stream. Overall, sewer bills for residential customers average $30 to $35 per month.

Table 2-3

Table 2-3 presents a comparison of monthly bills for residential customers of investor-owned water utilities providing service to 1,000 customers or more.

Table 2-3
Illinois Water Utility Rate Areas Serving 1,000 or More Customers
Comparison of Monthly Bills — Residential Customers with 5/8 Inch Meters
Based upon Rates in Effect on November 30, 2009

Area of State/ Utilities/ Service Areas	Total Number of Customers	Bill Comparison Based upon Water Usage 2,000 Gallons	7,000 Gallons	12,000 Gallons
NORTHERN				
Apple Canyon	2,732	$ 14.83	$ 38.13	$ 61.43
Aqua Illinois				
Candlewick	1,825	23.16	46.06	68.96
Kankakee	28,644	28.43	49.52	70.62
University Park	2,395	15.22	23.40	31.58
Willowbrook	1,029	22.12	43.67	60.40
Galena Territory	2,261	18.00	28.08	40.68
Illinois-American				
Chicago Metro				
Well Water	1,549	21.20	39.14	57.08
Lake Water				
Chicago Suburban	4,295	34.77	61.67	88.57
DuPage County	6,151	32.77	62.97	93.17
Fernway	1,980	27.63	61.42	95.27
Sante Fe/SW & W Suburban	29,020	30.49	71.64	112.79
South Beloit	2,768	19.89	41.60	63.31
Sterling	6,532	30.32	50.94	71.56
Streator	7,582	25.05	44.86	64.68
Lake Holiday	2,106	11.14	26.49	41.84
Lake Wildwood	1,793	17.58	35.68	53.78
Whispering Hills	2,370	11.34	26.84	42.34
CENTRAL				
Aqua Illinois				
Vermilion	20,851	30.82	60.30	89.78
Illinois-American				
Champaign	50,840	22.09	40.90	59.72
Lincoln	5,796	18.23	36.07	53.90
Pekin	14,021	20.53	31.29	42.04
Peoria	51,955	25.13	44.81	64.48
Pontiac	4,267	27.82	47.43	67.03
SOUTHERN				
Illinois-American				
Alton	18,085	24.09	43.71	63.33
Cairo	1,111	28.65	47.68	66.70
Interurban	68,444	24.08	43.66	63.24

FINANCIAL HEALTH OF THE UTILITY INDUSTRY IN ILLINOIS

Credit ratings are the single most comprehensive and widely accepted measure of the financial condition of a business enterprise. Several independent financial research firms provide rating services, which categorize corporate debt issues based on risk. All of the major electric and natural gas utilities serving Illinois have ratings assigned to their bond issues.

There is no formula for determining credit ratings. In assigning ratings to a firm's debt, rating agencies consider both qualitative and quantitative factors. For a public utility, rating agencies review financial information, which can be separated into six categories: debt leverage, construction and asset concentration risks, earnings protection, financial flexibility and capital attraction, cash flow adequacy, and accounting quality. Non-financial rating criteria include service territory characteristics, fuel supply and generating capacity, operating efficiency, regulatory treatment, and management.

The following table shows the nationwide electric utility industry credit rating, as well as the ratings for the five major electric utilities serving the State of Illinois. The majority of the operations of MidAmerican Energy Company are in other states.

Electric Utility Credit Ratings by Standard and Poor's
2005 through November 30, 2009

	2005	2006	2007	2008	2009
Electric Utility Industry Average	BBB	BBB	BBB	BBB	BBB
AmerenCILCO	BBB+	BBB-	BB	BBB-	BBB-
AmerenCIPS	BBB+	BBB-	BB	BBB-	BBB-
AmerenIP	BBB+	BBB-	BB	BBB-	BBB-
Commonwealth Edison	BBB+	BBB-	BB	BBB-	BBB
MidAmerican	A-	A-	A-	A-	A-

In September 2008, Standard & Poor’s (“S&P”) upgraded the corporate credit ratings of the three Ameren Companies and Commonwealth Edison to BBB- (the lowest investment grade credit rating) from BB (two notches below investment grade). The rating action reflects Standard & Poor's opinion that the Illinois regulatory and political environments have returned to a credit supportive level. In October 2008, S&P changed the credit watch for Commonwealth Edison from stable to negative watch in conjunction with Commonwealth Edison’s parent company, making an unsolicited tender offer for the common shares of wholesale generator NRG Energy.

Like the electric utilities, natural gas distribution companies receive ratings on their debt, which reflect the individual company's financial condition. The table below presents credit ratings for the three major natural gas distribution utilities serving the State of Illinois and the average credit rating for the nationwide natural gas distribution industry.

Gas Utility Credit Ratings by Standard and Poor's
2004 through November 30, 2008

	2005	2006	2007	2008	2009
Gas Distribution Industry Average	A-/BBB+	A-	A-	A-	A-
Atmos Energy			BBB	BBB	BBB+
Nicor Gas	AA	AA	AA	AA	AA
North Shore	A-	A-	A-	A-	BBB+
Peoples Gas	A-	A-	A-	A-	BBB+

In March 2009, North Shore and Peoples Gas were downgraded due to uncertainty concerning the decision of their parent company, Integrys Energy, to exit unregulated energy businesses.

Currently, no Illinois water utilities have ratings assigned to their debt.

SECTION 3

A Discussion of Energy Planning

(3) A Specific Discussion of the Energy Planning Responsibilities and Activities of the Commission and Energy Utilities Including:

(a) The extent to which conservation, cogeneration, renewable energy technologies and improvements in energy efficiency are being utilized by energy consumers, the extent to which additional potential exists for the economical utilization of such supplies, and a description of existing and proposed programs and policies designed to promote and encourage such utilization;

(b) A Description of each Energy Plan filed with the Commission pursuant to the Provisions of this Act and a copy or detailed summary of the most recent energy plans adopted by the Commission."

INTEGRATED RESOURCE PLANNING

Section 8-402 of the Public Utilities Act, which set forth the Commission's resource planning responsibilities, was repealed by P.A. 90-561, effective December 16, 1997. The Commission disbanded the Energy Programs Division immediately thereafter.

COGENERATION

Commission Rule

The rules, for the transfer of electric power between independent generating facilities and regulated electric utilities in Illinois, are established by 83 Ill. Adm. Code 430. All utilities operating in Illinois must abide by these rules except for cooperatives and municipal utilities, both of which are not regulated by the Commission.

The most important portion of the rules is the requirement that a utility must purchase cogenerated power at a price commensurate with the utility's avoided cost. Table 3-1 lists the 2009 avoided costs as filed annually by Illinois electric utilities.

Special Rates

Cogeneration/self generation displacement and deferral rates can be in the form of special contracts or designed as tariffs. In each case, the Commission's position has been to promote economic cogeneration or self generation, while avoiding uneconomic bypass of a utility's system. When the cogeneration or self generation discount rate brings a customer's individual rate closer to the utility's marginal cost of providing service, uneconomic bypass is less likely to occur.

Table 3-1
Illinois Electric Utilities
Avoided Cost Rate Structure
2009

Electric Utility	Summer Rates	Winter Rates
AmerenCILCO		
On-Peak	5.160¢/kWh	4.050¢/kWh
Off-Peak	3.232¢/kWh	3.212¢/kWh
AmerenCIPS		
On-Peak	5.160¢/kWh	4.050¢/kWh
Off-Peak	3.232¢/kWh	3.212¢/kWh
AmerenCIPS—Metro East		
On-Peak	5.160¢/kWh	4.050¢/kWh
Off-Peak	3.232¢/kWh	3.212¢/kWh
AmerenIP		
On-Peak	5.160¢/kWh	4.050¢/kWh
Off-Peak	3.232¢/kWh	3.212¢/kWh
Commonwealth Edison		
On-Peak	4.017¢/kWh	3.564¢/kWh
Off-Peak	2.558¢/kWh	2.460¢/kWh
MidAmerican Energy		
On-Peak	2.040¢/kWh	1.490¢/kWh
Off-Peak	1.370¢/kWh	1.190¢/kWh
Mt. Carmel Public Utility		
On-Peak	3.227¢/kWh	3.227¢/kWh
Off-Peak	3.227¢/kWh	3.227¢/kWh

Source: Annual filings of Illinois electric utilities pursuant to 83 Ill. Adm. Code 430.110.

Please note: Time differentiated rate pricing is shown at transmission or subtransmission levels where possible; additional credits are available at lower voltages, loads, and times (except for Mt. Carmel). See each utility filing for exact avoided energy costs under specific conditions

SECTION 4

Availability of Utility Services to All Persons

(4) A discussion of the extent to which utility services are available to all Illinois citizens including:
(a) Percentage and number of persons or households requiring each such service who are not receiving such service, and the reasons therefore, including specifically the number of such persons or households who are unable to afford such service.
(4-b) a critical analysis of existing programs designed to promote and preserve the availability and affordability of utility services.

The information necessary to determine the number of persons lacking utility service within the state is difficult to obtain. Part of the difficulty is that all utility companies within the state track accounts by residence and not by customer name. Thus, a utility could determine if a particular residence was disconnected and therefore no longer receiving service, but the utility would have no way of knowing whether that household regained service under another name in its own service territory or perhaps under the same name in a different service territory. In addition, persons disconnected might also move in with an acquaintance already receiving service or they might acquire service supplied by an electric co-operative or municipality over which we have no jurisdiction. Further, if the intent of the question is to ascertain the number of persons without access to a source of heat, the existence of non-utility sources such as wood stoves and kerosene heaters would further complicate the answer, thus the myriad of possibilities makes a truly accurate figure very elusive.

Although the Commission has limited resources available to determine the number of persons within the state lacking some type of utility service, and granting the uncertainty in accuracy of such a statistic, an estimate may be obtained by analyzing the disconnection and reconnection data provided to the Commission by all utilities.

To determine a rough estimate of the number of persons lacking utility service, one can look at the aggregate disconnection/reconnection figures for a 12-month period. The results for the period of December 2008 through November 2009 are as follows.

The average heat related residential class customer base equaled 7,845,016 households. In this class, 393,325 accounts were disconnected and 247,236 were reconnected. This yields a 62.8 percent reconnection rate leaving 146,089 accounts not reconnected. The disconnected accounts represent 5.0 percent of the average residential customer base, while those accounts not reconnected represent a rate of 1.9 percent.

The Commission is aware of its obligations to minimize the dangers arising from unnecessary termination of gas and/or electric space heating service during the winter months. To minimize these dangers and be responsive to the needs of both Illinois consumers and the utilities that serve those consumers, the Commission has developed rules and regulations concerning the termination and reconnection of space heating service during the winter months. Many of these rules have since been enacted into law. In addition, the Commission has continued to refine its other rules regarding utility credit and collection activities to help Illinois utility consumers make timely payments on their obligations to utility companies and thus avoid termination of utility service. The following discussion is a synopsis of current regulations designed to promote and preserve the availability and affordability of residential utility services.

Temperature-Based Termination

If gas or electric service is the only source of space heating or if electricity is used to control the only space heating equipment such as an electric blower fan on a gas furnace, these services may not be disconnected on any day when the National Weather Service forecasts that the temperature for the next 24 hours will be 32 degrees or below, or on a day before a holiday or weekend when the weather is forecasted to be 32 degrees or below any time before the next business day.

Disconnection of Military Personnel on Active Duty

Utilities are prohibited from disconnecting gas and electric service to military personnel on active duty for non-payment.

Disconnection of Certain Customers During the Winter Heating Season

Customers Receiving LIHEAP funds

During the winter heating season (December 1 through March 31) residential customers who receive Low Income Home Energy Assistance Program funds may not be disconnected if the services are used as the primary source of heating or to control or operate the primary source of heating.

Certain Electric Space-Heating Customers

During the winter heating season (December 1 through March 31) a public utility serving more than 100,000 electric customers may not be disconnect electric service to a residential space hearting customer for non-payment.

Preferred Payment Date

Current residential customers who receive certain types of benefit checks out of cycle with their utility bills are allowed up to ten days subsequent to the customer's regular due date to make payment without penalty. This has benefited the low-income, elderly, and unemployed customers since they are able to avoid late payment charges and, in many cases, avoid paying a deposit to the utility.

Deferred Payment Agreement

This agreement allows a customer who owes the utility for a past due bill to maintain utility service by paying the past due amount in installments over a period of four to twelve months while continuing to pay current bills as they become due. Of the customers whose service was reconnected during the winter of 2008-2009 and who were given a payment plan, 52.8 percent were allowed 6 months or longer to pay the past due amount. Depending on the outstanding amount, the amount of the current bills, and the customer's income, this rule helps many customers, but it falls short of assisting those customers who simply have utility bills that are greater than their income can afford. Commission rules do allow for reinstatement after default and renegotiation of the payment agreement if the customer's financial circumstances change for the worse.

Reconnection

This rule provides that residential customers disconnected prior to the winter heating season and those customers disconnected during the winter heating season (December 1 through March 31) may be reconnected upon the payment of one third of the amount due to the company. If financial inability to pay this amount is shown, one-fifth of the amount owed may be paid. The customer then must enter into a payment plan to pay the balance of the outstanding amount owed to the utility. It should be noted that in many cases the amounts paid to have service restored are obtained through grants from community organizations or through the Low Income Home Energy Assistance Program (LIHEAP) administered by Department of Commerce and Economic Opportunity (and the Department of Healthcare and Family Services until March of 2009).

The reconnection rule further states that this provision is available between November 1 and April 1 of the current heating season; that reconnection under this provision cannot be used in two consecutive years; that the former customer must have paid at least one third of the amount billed subsequent to December 1 of the prior year; and that the program is not available if any evidence of tampering with the meter is discovered.

As required in the "winter reconnection" rule, on or about October 1, 2008, letters were sent to 62,171 former customers statewide who, according to utility records, were not then receiving heat related utility service. A total of 20,042 former customers requested that their service be reconnected. Of these, 5,814 customers were reconnected upon payment of the total bill and 11,392 were reconnected upon payment of a portion of the past due utility bill. Reconnection requests of 3,617 customers were denied. The reasons for denial are categorized as follows:

582 former customers failed to make a required down payment;
56 former customers failed to pay one-third of the amounts billed since December 1, 2007;

2,331 former customers had been reconnected under this rule last year; and
648 former customers resided where equipment tampering or diverted utility service was detected.

The above information indicates that 42,129 former customers did not respond to the inquiries posed by the utilities. It is impossible to determine whether these households are truly without utility service and, if so, why they do not have service.

Financial Assistance

ICC-regulated utilities participate in the Low Income Home Energy Assistance Program (LIHEAP) administered by the Department of Commerce and Economic Opportunity. LIHEAP provides a one-time grant to eligible low-income customers.

(4-c) an analysis of the financial impact on utilities and other ratepayers of the inability of some customers or potential customers to afford utility service, including the number of service disconnections and reconnections, and cost thereof and the dollar amount of uncollectible accounts recovered through rates.

The Financial Impact of Uncollectible Expenses

Uncollectible expense for utilities represents revenue billed but not received for services rendered. Efforts are made to recover such revenue, but, after a certain period of time and effort, unpaid amounts are charged as an expense and recovered in the regular rates charged to all customers.

Public Act 96-0033 (SB 1918), signed into law on July 10, 2009, added Sections 16-111.8 (concerning electric utilities) and 19-145 (concerning gas utilities) to the PUA. These sections provide that an electric or gas utility shall be permitted to recover through an automatic adjustment clause the incremental difference between its actual uncollectible amount and the uncollectible amount included in rates. These sections also provide for the collection of the difference between the actual 2008 and 2009 uncollectible expense set forth in Account 904 (of an electric utility's FERC Form 1 or of a gas utility's Form 21 ILCC) and the actual uncollectible amount included in rates for 2008 and 2009. AmerenCILCO, AmerenCIPS, AmerenIP, ComEd, Peoples Gas, North Shore Gas, and Nicor Gas have filed tariffs with the Commission to enact the uncollectibles automatic adjustment clauses.

To illustrate the amount of uncollectible expense for electric and gas utilities, the years 2008 and 2007 provide the most recent data available at the Commission.

The level of uncollectible expense is not perceived as a significant problem for the Commission-regulated water and sewer utilities. Therefore, no effort has been made to analyze in detail the explicit data for water and sewer utilities.

The uncollectible expenses discussed below for electric and gas utilities are based upon amounts reported to the Commission in each utility's annual report to the Commission. The amounts of uncollectible expenses reported by the utilities include accounting accruals for the uncollectible reserves to represent the projected level of anticipated uncollectible expenses for the year; these amounts differ from the actual write-offs of accounts receivable that occurred during the year.

Electric Utilities

Total 2008 Uncollectible Expense for Illinois electric utilities was $98,268,782 compared to $87,816,405 in 2007. These amounts represent 1.26% of total Revenue from Sales to Ultimate Customers[10] in 2008 and 1.12% of total Revenue from Sales to Ultimate Customers in 2007. ComEd had the largest amounts of Uncollectible Expense with $70,572,397 in 2008 and $58,485,629 in 2007; these amounts represented 1.27% of its 2008 Revenue from Sales to Ultimate Customers and 1.06% of its 2007 Revenue from Sales to Ultimate Customers. The Commission's "Comparison of Electric Sales Statistics for Calendar

[10] Electric Revenue from Sales to Ultimate Customers includes revenues resulting from residential sales, small (or commercial) sales, large (or industrial) sales, public street and highway lighting, other sales to public authorities, and sales to railroads. Electric utility revenues from sales for resale, interdepartmental sales, provisions for rate refunds, and other electric operating revenues are not included in Revenue from Sales to Ultimate Customers.

Years 2008 and 2007" provides a detailed presentation of Uncollectible Accounts and Forfeited Discounts on Table 27; this Comparison can be found on the Commission's web site at http://www.icc.illinois.gov/publicutility/salesstatistics.aspx?t=e.

Gas Utilities

Total 2008 Uncollectible Expense for Illinois gas utilities was $141,801,041 compared to $102,859,155 in 2007. These amounts represent 2.38% of total Revenue from Sales to Ultimate Customers[11] in 2008 and 2.03% of total Revenue from Sales to Ultimate Customers in 2007. Nicor Gas had the largest amounts of Uncollectible Expense with $70,628,000 in 2008 and $52,973,824 in 2007; these amounts represented 2.53% of its 2008 Revenue from Sales to Ultimate Customers and 2.34% of its 2007 Revenue from Sales to Ultimate Customers. The Commission's "Comparison of Gas Sales Statistics for Calendar Years 2008 and 2007" provides a detailed presentation of Uncollectible Accounts and Forfeited Discounts on Table 15; this Comparison can be found on the Commission's web site at http://www.icc.illinois.gov/publicutility/salesstatistics.aspx?t=g.

CONSUMER EDUCATION ACTIVITIES

Electric Customer Choice—"Plug In Illinois"

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 restructured the state's electric utility industry. Section 16-117 of the Public Utilities Act requires the Illinois Commerce Commission to maintain a consumer education program to provide residential and small commercial retail customers with information to help them understand their service options, rights, and responsibilities.

Details regarding the initial development and implementation of the program are included in the annual reports from 1998 through 2002.

The ICC Plug In Illinois website was updated in 2009 and contains an overview of customer choice, guidelines for choosing an electric supplier and a list of alternative suppliers certified by the Commission.

Natural Gas Choice

In some parts of Illinois, natural gas utilities voluntarily offer their residential and small retail commercial customers the opportunity to choose their supplier of natural gas. Alternative Gas Suppliers offering service to these customers must be certified by the ICC. A new law (Public Act 95-1051) which took effect April 10, 2009 expanded consumer rights and protections. In accordance with Section 19-125 of the Public Utilities Act, the Commission website was updated to include consumer education information to help residential and small commercial customers understand their gas supply options and their rights and responsibilities. The educational information includes choices available, guidance for selecting an alternative gas supplier, comparisons of the prices and terms of products offered by alternative suppliers and procedures for consumers to address complaints.

[11] Gas Revenue from Sales to Ultimate Customers includes revenues resulting from residential sales, small (or commercial) sales, large (or industrial) sales, and other sales to public authorities. Gas revenues from sales for resale, interdepartmental sales, and other gas operating revenues are not included in Revenue from Sales to Ultimate Customers.

SECTION 5

Implementation of The Commission's Statutory Responsibilities

(5) A detailed description of the means by which the Commission is implementing its new statutory responsibilities under this Act, and the status of such implementation, including specifically:

(5-a) Commission reorganization resulting from the addition of an Executive Director and hearing examiner qualifications and review.

COMMISSION REORGANIZATION

During 2009, there were no organizational changes resulting from statutory responsibilities. Various changes made since the passage of the new Public Utilities Act have been reported in previous Commission annual reports.

(5-b) Commission responsibilities for construction and rate supervision, including construction cost audits, management audits, excess capacity adjustment, phase-ins of new plant and the means and capability for monitoring and reevaluating existing or future construction projects.

CONSTRUCTION AUDITS

Statutory Requirements
Section 8-407(b) and 9-213 of the 1986 Public Utilities Act grants the Commission the authority to conduct construction audits. Pursuant to Section 8-407(b), the Commission, after granting a certificate of public convenience and necessity for the construction of a new electric generating facility, is granted the authority to perform construction cost audits at any time during construction whenever the Commission has cause to believe that such an audit is necessary or beneficial to the efficiency or economy of construction.

Section 9-213 requires the Commission to perform an audit of the cost of new electric utility generating plants and significant additions to electric utility generating plants to determine if the cost is reasonable prior to including such construction costs in rate base.

Section 8-407 (b) and 9-213 both grant the Commission the authority to engage independent consultants to perform these audits. If an independent consultant performs a construction audit, the cost will be borne initially by the utility, but shall be recoverable as an expense through normal ratemaking procedures.

Commission Responsibilities
In order to comply with the Public Utilities Act, the Commission must monitor the major construction activities of all electric utilities within the state to assure that such construction is efficient and economical. The Commission is also required (Sec. 8-407(a)) to reevaluate the propriety and necessity at least every two years of each certificate of necessity issued to the construction of a new electric generating facility. In order to comply with the above responsibilities, the Commission has the authority to conduct construction cost audits.

Section 8-407 (b) Activities
No activities were required during 2009.

Section 9-213 Activities
No activities were required during 2009.

MANAGEMENT AUDITS

Statutory Requirements

The Commission has authority under Section 8-102 of the Public Utilities Act to conduct management audits of public utilities. The Commission may choose to conduct the audits with its own staff or it may contract with independent consultants to perform the management audits. Prior to initiating an audit of a utility, the Commission must determine that reasonable grounds exist to believe an audit is necessary or cost-beneficial.

The statute allows for the costs associated with the use of independent consultants to be borne by the utilities with recovery provided through the normal ratemaking process.

Commission Responsibilities

Prior to initiating a management audit or investigation of a utility, the Commission must have "reasonable grounds to believe that such audit or investigation is necessary to assure that the utility is providing adequate, efficient, reliable, safe, and least-cost service and charging only just and reasonable rates therefore, or that such audit or investigation is likely to be cost beneficial in enhancing the quality of such service or the reasonableness of rates therefore." The Commission shall "issue an order describing the grounds for such audit or investigation and the appropriate scope and nature of such audit or investigation."

In August 2006, the Commission, in its Order for Docket No. 06-0556, initiated a management audit of Peoples Gas Light and Coke Company and North Shore Gas Company. This management audit will focus upon the two gas utilities' gas purchasing practices, gas storage operations, and storage activities, as well as affiliate transactions in these areas. This management audit was completed in 2008.

EXCESS CAPACITY, USED, AND USEFUL

Section 9-215 of the Public Utilities Act gives the Commission the "power to consider, on a case by case basis, the status of a utility's capacity and to determine whether or not such utility's capacity is in excess of that reasonably necessary to provide adequate and reliable electric service". The Commission is also authorized to make adjustments to rates if a finding of excess capacity is made. This section conditions this authority for generating units whose construction programs started prior to the effective date of the current Act, January 1, 1986. That is, for generating units whose construction started prior to the effective date of the current Act, the Act requires that a determination of excess capacity or utility plant used and useful will be made from that which is appropriate under prior law.

No activities were required during 2009.

RATE MODERATION PLAN

The Public Utilities Act authorizes the Commission to consider the adoption of a rate moderation plan that would lessen rate impacts associated with new power plants coming into service. During 2009, no new power plants were placed in service in Illinois that fall under the Commission's jurisdiction. As a result, the Commission did not use its authority to adopt a rate moderation plan.

COST-BASED RATES

The Public Utilities Act considers cost-based rates an important component of equity for ratepayers. Specifically, the Act states that the cost of supplying public utility services should be allocated to those who cause the costs to be incurred [Section 1-102(d)(iii)]. The need to base rates on costs has increased as the utility environment becomes more competitive. A close relationship between rates and costs will discourage uneconomic bypass of the utility system by ratepayers. Uneconomic bypass is costly to the utility, ratepayers, and society as a whole.

The Commission made consistent progress towards the establishment of cost-based rates in utility rate cases conducted over the years 2000-2009. However, new cost-based rates that became effective on January 2, 2007, for ComEd and Ameren impacted residential customers, especially residential electric space heat customers, to such an extent that the Commission opened two proceedings for the purpose of adopting redesigned rates that were not based solely on cost but were rather based on a more even distribution of percentage increases for each of the customer classes, so that the burden to the residential electric space heat customers was significantly lessened.

A total of 20 gas rate cases and 9 electric rate cases were filed during this period. Additionally, with the passage of the Electric Service Customer Choice and Rate Relief Law of 1997, nine electric utilities filed cases for delivery services implementation and for residential delivery services implementation and eight electric utilities filed cases for metering services unbundling. The gas cases were filed by MidAmerican Energy Company ("MEC"), Central Illinois Light Company ("AmerenCILCO"), Northern Illinois Gas Company ("Nicor Gas"), Peoples Gas Light and Coke Co. (Peoples Gas"), North Shore Gas Company ("North Shore"), Mt. Carmel Public Utility Co. ("Mt. Carmel"), Illinois Gas Company ("IGC"), Central Illinois Public Service Company ("AmerenCIPS"), Union Electric Company ("AmerenUE"), South Beloit Water Gas and Electric Company ("SBWGE"), Consumers Gas Company, and Illinois Power Company ("AmerenIP"). The electric rate cases were filed by Mt. Carmel, ComEd, AmerenCILCO, AmerenCIPS, and AmerenIP. The electric delivery service cases were filed by ComEd, AmerenIP, AmerenCIPS, AmerenUE, Mt. Carmel, MEC, AmerenCILCO, SBWGE, and Interstate Power and Light Company ("IPC"). Additionally, except for Mt. Carmel, the same electric Companies filed for unbundling of delivery services.

All nine electric utilities were mandated by the Public Utilities Act to provide rates for residential customers based on real-time pricing.

The Public Utilities Act also required that AmerenCIPS and AmerenUE compare their bundled residential rates to the average rate of a group of Midwest utilities. If the Midwest average was lower than the rate of each of these Illinois utilities, the Illinois utility was required to reduce its residential rates on October 1, 2002. Neither utility was required to reduce its residential rates. The Public Utilities Act also required that ComEd reduce its bundled residential rates by 5% on October 1, 2001. The Act also mandated that Illinois Power reduce its bundled residential rates by 5% on May 1, 2002, and that CILCO reduce its bundled residential rates by 1% on October 1, 2002. All rate reductions mandated by the Public Utilities Act have been implemented.

Commission Actions to More Fully Implement Cost-Based Rates: Gas

In the MidAmerican case (Docket No. 99-0534), MEC performed a cost of service study and based the proposed rates on cost of service. Commission Staff reviewed that study and presented testimony. An order was entered and the rates became effective in July 2000.

In the United Cities Gas Company case (Docket No. 00-0228), the Company accepted the COSS and the rate design proposed by Staff. The Staff-designed rates included increased costs in the customer charges that more properly reflect the true cost of service.

In the Consumers Gas case (Docket No. 00-0618), which was filed in September 2000, the Company performed a cost of service study and based the proposed rates on cost of service. Commission Staff reviewed that study and presented testimony. An order was entered in June 2001.

In the MidAmerican case (Docket No. 01-0696), the Company performed a cost of service study and based the proposed rates on cost of service. Commission Staff reviewed that study and presented testimony. An order was entered and an Order was approved in September 2002.

In the AmerenCILCO case (Docket No. 02-0837), the Company performed a cost of service study and based the proposed rates on cost of service. Commission Staff reviewed that study and presented testimony. The Commission entered an Order in October 2003.

In the AmerenCIPS and AmerenUE cases (Docket Nos. 03-0008 and 03-0009), the Companies performed cost of service studies and based the proposed rates on cost of service. Commission Staff reviewed those studies and presented testimony. The Commission entered an Order in October 2003.

In the South Beloit Water Gas and Electric Company case (Docket No. 03-0676), the Company performed a cost of service study and based the proposed rates on cost of service. Commission Staff reviewed that study and presented testimony. The Commission entered an Order in October 2004.

In the Illinois Gas Company case (Docket No. 04-0475), the Company performed a cost of service study and based the proposed rates on cost of service. Commission Staff reviewed that study and presented testimony. The Commission entered an Order in May 2005.

In the AmerenIP gas case (Docket No. 04-0476), the Company performed a cost of service study and based the proposed rates on cost of service. Commission Staff reviewed that study and presented testimony. The Commission entered an Order in May 2005.

In the Consumers Gas Company case (Docket No. 04-0609), the Company performed a cost of service study and based the proposed rates on cost of service. Commission Staff reviewed that study and presented testimony. The Commission entered an Order in June 2005.

In the Nicor Gas Company case (Docket No. 04-0779), the Company performed a cost of service study and based the proposed rates on cost of service. Commission Staff reviewed that study and presented testimony. The Commission entered an Order in September 2005.

In the Peoples Gas Company and North Shore Gas Company rate cases (Docket Nos. 07-0241 & 07-0242), the Companies performed cost of service studies and based proposed rates on cost of service. Commission Staff reviewed the studies and presented testimony. The Commission entered an Order in February 2008.

In the Mt. Carmel Public Utility Co. gas rate case (Docket No. 07-0357), the Company performed cost of service studies and based proposed rates on cost of service. Commission Staff reviewed the study and presented testimony. The Commission entered an Order in March 2008.

In the Ameren Illinois gas rate cases for each of its three Illinois Utilities (Docket Nos. 07-0588, 07-0589, & 07-0590), the Companies performed cost of service studies, but based their proposed rates on an across-the-board equal percentage change. Commission Staff reviewed the studies and the proposed across-the-board changes and presented testimony. The Commission entered an Order in September 2008.

In the Nicor Gas Company gas rate case (Docket No. 08-0363), the Company performed cost of service studies and based proposed rates on cost of service. Commission Staff reviewed the studies and presented testimony. The Commission entered an Order in March 2009.

In the Illinois Gas Company gas rate case (Docket No. 08-0482), the Company performed cost of service studies and based proposed rates on cost of service. Commission Staff reviewed the studies and presented testimony. The Commission entered an Order in May 2009.

In February 2009, Peoples Gas Company and North Shore Gas Company filed rate cases (Docket Nos. 09-0166 and 09-0167). These proposed tariffs were suspended by the Commission. An Order for these proceedings will be approved in January 2010.

In June 2009, AmerenCILCO, AmerenCIPS & AmerenIP filed gas rate cases (Docket Nos. 09-0309, 09-0310 & 09-0311). These proposed tariffs were suspended by the Commission. An Order for these proceedings will be approved by May 2010.

In June 2009, MidAmerican Energy Company filed a gas rate case (Docket No. 09-0312). These proposed tariffs were suspended by the Commission. An Order for these proceedings will be approved by May 2010.

Commission Actions to More Fully Implement Cost-Based Rates: Electricity

The initial delivery services tariff cases to establish non-residential rates for delivery services involved all nine electric utilities:

AmerenCIPS and AmerenUE (Docket No. 99-0121)
MidAmerican Energy Company (Docket Nos. 99-0122 & 99-0130)
CILCO (Docket Nos. 99-0119 and 99-0131, Consolidated)
ComEd (Docket No. 99-0117)
IP (Docket Nos. 99-0120, 99-0134, and 99-0140, Consolidated)
IPC and SBWGE (Docket Nos. 99-0124, 99-0125, 99-0132, and 00-0133, Consolidated)
Mt. Carmel (Docket No. 99-0116)

Each delivery service proceeding consisted of reviewing a test year revenue requirement, which included transmission, distribution, and generation components, and of separating these components out for cost of service purposes. The generation component will be market based, while the transmission component will be regulated by FERC. The goal of delivery services is to have cost-based delivery service rates, which represent the distribution portion of the electric system. The Commission approved cost-based rates for each utility. Approval of cost-based rates helps facilitate the next stage of deregulation, which is unbundling. Competition for unbundled services will largely depend on cost-based delivery service rates.

In the unbundling case (Docket No. 99-0013), all utilities, except Mt. Carmel, filed tariffs for the unbundling of metering services. Staff reviewed those filings, and the Commission Order was issued on October 4, 2000, and became effective on January 1, 2001. Cost-based rates for unbundled delivery services will be a prime factor in initiating competition in Illinois.

In 1997, all electric utilities were mandated by the Public Utilities Act to provide rates for residential customers based on real-time pricing. The appropriate filings were made and the rates became effective on October 1, 2000.

The Public Utilities Act also required that AmerenCIPS and AmerenUE compare their bundled residential rates to the average rate of a group of Midwest utilities. If the Midwest average was lower than the rate of each of these Illinois utilities, the Illinois utility was required to reduce its residential rates on October 1, 2000. The comparison indicated that AmerenCIPS and AmerenUE were not required to reduce their bundled residential rates on that date.

As required by the Public Utilities Act, CILCO reduced its bundled residential rates by 2% on October 1, 2000.

The Public Utilities Act also required that ComEd reduce its bundled residential rates by 5% on October 1, 2001.

The Act also mandated that Illinois Power reduce its bundled residential rates by 5% on May 1, 2002.

Delivery services tariffs for all residential customers became effective on May 1, 2002. As part of their plans for delivery services, AmerenCIPS and AmerenUE filed new residential delivery services tariffs and filed updated non-residential delivery services tariffs in December 2000. The other seven utilities filed their proposed rates in 2001. All of the proceedings, except ComEd's, were completed to establish delivery services rates for their residential classes, as well as new non-residential delivery services rates. Commonwealth Edison's proceeding was completed in 2003.

In early 2005, ComEd and Ameren filed tariffs to establish a rate structure for the supply of electricity to bundled residential and non-residential customers to be effective on January 2, 2007. Commission Orders for those proceedings were approved in January 2006.

In August 2005, ComEd filed a rate case (Docket No. 05-0597) for delivery services tariffs to be effective at the end of the mandatory transition period, which ends on January 2, 2007. These new rates take the place of the existing bundled service rates. An Order was approved in July 2006 and became effective on January 2, 2007.

In February 2006, Ameren filed a rate case for each of its three Illinois utilities (Docket Nos. 06-0070, 06-0071, & 06-0072) for delivery services tariffs to be effective at the end of the mandatory transition period, which ended on January 2, 2007. These new rates take the place of the existing bundled service rates. An Order for these proceedings was approved in November 2006 and became effective on January 2, 2007.

In May 2007, Mt. Carmel filed a general rate case (Docket No. 07-0357) for its delivery services tariffs. These proposed tariffs were suspended by the Commission. An Order for this proceeding was approved in March 2008 and tariffs became effective on March 24, 2008.

In October 2007, ComEd filed a delivery services rate case (Docket No. 07-0566) for delivery services tariffs. These proposed tariffs were suspended by the Commission. An Order for this proceeding was approved in September 2008 and tariffs became effective on September 16, 2008.

In November 2007, Ameren Illinois filed an electric delivery services rate case for each of its three Illinois Utilities (Docket Nos. 07-0585, 07-0586, & 07-0587). These proposed tariffs were suspended by the Commission. An Order for these proceedings was approved in September 2008 and tariff became effective on October 1, 2008.

In June 2009, Ameren Illinois Utilities filed an electric delivery services rate case for each of its three Illinois utilities (Docket Nos. 09-0306, 09-0307 and 09-0308). These proposed tariffs were suspended by the Commission. An Order for these proceedings will be approved by May 2010.

MERGERS

On November 21, 2008, CenturyTel, Inc., and Gallatin River Communications, LLC, d/b/a CenturyTel of Illinois ("Gallatin River") filed for approval of the transfer of a reorganization as the result of CenturyTel's acquisition of the shares of Embarq Corporation ("Embarq") in exchange for distributing in excess of 50% of the shares of CenturyTel. The Commission approved the transaction in Docket No. 08-0645 on March 25, 2009.

On June 4, 2009, Frontier Communications Corporation ("Frontier"), Verizon Communications, Inc., Verizon North Inc, Verizon South Inc, and New Communications of the Carolinas, Inc., filed for approval of transactions and agreements which result in Frontier acquiring by merger the local exchange operations of Verizon North and Verizon South. This matter was docketed as Docket No. 09-0268. Evidentiary hearings are scheduled to begin January 14, 2009.

On July 24, 2009, Aqua filed for approval for the reorganization and permanent transfer of the Ellwood Green Utility Corporation's existing wastewater system. This matter has been docketed as Docket No. 09-0335 and the evidentiary hearing was held December 3, 2009.

On August 14, 2009, Aqua filed for approval to transfer the existing water production and distribution system known as Northern Investment Group. This matter was docketed as Docket No. 09-0369; Staff rebuttal testimony is due to be filed January 5, 2010.

ASSET TRANSFERS OR SALES

On April 2, 2008, Illinois American Water Company filed for approval of the sale of certain real estate located in Dunlap, Peoria County, Illinois, consisting of 1.377 acres and part of an 8.894-acre parcel located at 11821 N. Route 40 in Dunlap. The Illinois Department of Transportation ("IDOT") needed the property to widen and reconstruct FA Route 646, which is marked as Illinois Route 40 in Peoria County, Illinois. IDOT intended to acquire the property by agreement or, if necessary, by its power of eminent domain. Illinois-American and IDOT agreed to a purchase price of $387,676. The Commission approved the sale in Docket No. 08-0251 by an order entered May 6, 2009.

On March 2, 2009, AmerenCILCO filed for approval of the Company's assignment to Ameren Energy Marketing Company of its interest in a service agreement between Caterpillar, Inc., and Central Illinois Light Company dated December 29, 1999, as amended on February 15, 2001, and a related agreement, a Tolling Agreement, entered into between AmerenCILCO and AmerenEnergy Medina Valley Cogen, LLC, dated December 22, 2000. The matter was docketed as Docket No. 09-0131. The Company filed direct testimony on July 17, 2009; a date for Commission Staff to file direct testimony will be scheduled at a hearing on February 11, 2010.

On June 11, 2009, AmerenIP filed for approval of an agreement for purchase and sale of certain property between AmerenIP and the City of Peru, Illinois. To avoid duplication of facilities, portions of AmerenIP's electric distribution system that provided service to five customers would be sold to the city of Peru. At closing, the City of Peru would furnish service to the five affected customers. This matter was docketed as Docket No. 09-0281. The Commission entered an order approving the transaction on August 19, 2009.

On August 18, 2009, AmerenIP filed for approval to sell its electric distribution system that serves 39 customers in Princeton, Illinois, to the City of Princeton. The Commission approved the transaction in its order entered December 16, 2009, in Docket No. 09-0375.

On November 13, 2009, Illinois Bell Telephone filed for approval to sell certain real estate located at 1651 Ritchfield Road in Highland Park for $1,650,000.00. The property, which includes a brick building with 21,732 square feet and 1.73 acres of land, had been used as a garage for installation and repair trucks and as an office facility for AT&T Illinois service personnel. Highland Drifter LLC purchased the property. The Commission held an evidentiary hearing in Docket No. 09-0551 on this matter on December 17, 2009.

INFORMATIONAL FILINGS

During 2009, the following notices were filed with the Commission.

On December 22, 2008, AmerenCILCO filed a Notice of Transfer notifying the Commission, under Section 16-111(g), of its intent to transfer and assign its interest in the Service Agreement between it and Caterpillar, Inc. Staff informed AmerenCILCO that the applicable sections of the Public Utilities Act were Section 7-101, Transactions with affiliated interests, and/or Section 7-102, Transactions requiring Commission approval. Accordingly, issues surrounding the contract assignments related to this transaction are being addressed in Docket Nos. 08-0865 and 09-0131.

On January 30, 2009, ComEd made a filing for the purpose of informing the Commission of accounting changes for plant depreciation rates pursuant to Sections 5-104 and 16-111 of the Public Utilities Act ("Act").

On August 31, 2009, ComEd filed a Notice that it intends to enter into an agreement in connection with an internal corporate reorganization and thereby to receive from an affiliate certain shared information technology assets on or after September 30, 2009.

On November 5, 2009, ComEd filed a Notice that it has entered into an agreement, subject to regulatory approval, to assign certain credits against amounts owed for transmission services, in accordance with Section 16-111(g). Specifically, ComEd intends to sell to Ameren Services Company ("AMS"), for and on behalf of the Ameren entities, up to $20 million of ComEd's rights to the Paragraph 4.8 Credits received by ComEd when ComEd exited the Midwest ISO ("MISO"), as documented in terms of the Settlement Agreement between Exelon and other parties on March 20, 2001, and approved by FERC. According to terms of the proposed agreement, ComEd could sell, and Ameren could purchase, up to $20 million of the credits from ComEd for 75 cents on the dollar. On November 3, 2009, ComEd filed a Rate Schedule pursuant to Section 205 of the Federal Power Act ("FPA") to effectuate the assignment of these Section 4.8 credits to AMS. Contemporaneous with the Section 205 Application, ComEd submitted a Petition for Declaratory Order requesting in the alternative, if the Section 205 Application is rejected, that the Commission direct MISO to recognize the assignment. These filings at the FERC have been docketed as Docket Nos. EL10-12-000 and ER10-209-000.

DECOMMISSIONING

During 2009, no Illinois electric utility billed its customers any charges for decommissioning. The last billing of decommissioning charges by any Illinois electric utility ceased on December 31, 2006.

(5-c) Promulgation and application of rules concerning ex parte communications, circulation of recommended orders and transcription of closed meetings.

The Commission's rules concerning ex parte communications (83 Ill. Adm. Code 200.710) and the circulation of recommended orders (83 Ill. Adm. Code 200.820) remained in effect in 2009 and were applied throughout the year. Closed meetings were transcribed verbatim as required by Section 10-102 of the Public Utilities Act.

SECTION 6

Appeals from Commission Orders

(6) A description of all appeals taken from Commission orders, findings or decisions and the status and outcome of such appeals.

This section includes only appeals either filed in 2009 or upon which a judicial decision was received in 2009. Excluded are appeals involving motor carriers, rail carriers, or other regulated transportation and all non-appeal judicial actions, such as enforcement and collection actions, employment suits, or federal administrative and judicial actions, in which the Commission may have participated as plaintiff, defendant, intervenor, or *amicus*. However, federal cases taken under 47 USC 252(e)(6) are included.

APPEALS INVOLVING PUBLIC UTILITIES FILED IN 2009

A. Under the Public Utilities Act, 220 ILCS 5

1. *Frances Kreutzer, et al. v. Illinois Commerce Commission, et al.,* Illinois Appellate Court Docket No. 2-09-0007, Ill.C.C. Docket No. 07-0310.
   Appeal from the grant or denial of certificate of public convenience and necessity under Section 8-406 of the Public Utilities Act, 220 ILCS 5/8-406, and the direction to construct, operate, and maintain a new transmission line in Kane and McHenry Counties, Illinois, including, when necessary, the taking of property by eminent domain under Sections 8-503 and 8-509 of the Public Utilities Act, 220 ILCS 5/8-503 and 8-509.
   Status: Appeal is pending the completion of briefing.
2. *Malibu Condominium Assn. v. Illinois Commerce Commission and Commonwealth Edison Co.,* Illinois Appellate Court Docket No. 1-09-2155, Ill.C.C. Docket No.08-0401,
   Appeal from Commission Interim Order dismissing a portion of a consumer complaint under Section 10-108 of the Public Utilities Act, 220 ILCS 5/10-108.
   Status: The appeal record is due on January 4, 2010.
3. *Northern Illinois Gas Co. d/b/a Nicor Gas Co. v. Illinois Commerce Commission, et al.,* Illinois Appellate Court Docket Nos. 2-09-0497, 2-09-0499, 2-09-1037 and 2-09-1043(cons.), Ill.C.C. Docket No. 08-0363.
   Appeal from grant or denial of natural gas rate changes for Northern Illinois Gas Co.
   Status: Appeals have been voluntarily dismissed.
4. *Ottawa Airport, Inc., et al. v. Illinois Commerce Commission, et al.,* Illinois Appellate Court No. 3-09-0481, Ill.C.C. Docket No. 06-0706.
   Appeal from the grant or denial of certificate of public convenience and necessity under Section 8-406 of the Public Utilities Act, 220 ILCS 5/8-406, and the direction to construct, operate, and maintain a new transmission line in LaSalle County, Illinois, under Section 8-503 of the Public Utilities Act, 220 ILCS 5/8-503.
   Status: Appeal was voluntarily withdrawn.
5. *Pliura Intervenors, et al. v. Illinois Commerce Commission, et al.,* Appeal Nos. 4-09-0702 & 4-09-0718 (cons.), Ill.C.C. Docket No. 07-0446.
   Appeal from the grant or denial of certificate to operate as a common carrier by pipeline under Section 15-401 of the Public Utilities Act, 220 ILCS 5/15-401, and authorizing the construction of a new petroleum pipeline from Livingston to Marion Counties, Illinois, including, when necessary, the taking of property by eminent domain under Sections 8-503 and 8-509 of the Public Utilities Act, 220 ILCS 5/8-503 and 8-509.
   Status: Appeal is being briefed.

B. Under Other Utility-Related Acts

Global NAPS Illinois Inc. v. Illinois Commerce Commission and Illinois Bell Telephone Co.,
US District Court for Northern Illinois, Eastern Division, Docket No. 09-C-3113,
Ill. C.C. Docket No. 08-0105.
Complaint for declaratory and other relief under 47 USC §252(e)(6), challenging a decision of the Commission finding GlobalNAPS Illinois, Inc. in violation of its interconnection agreement with Illinois Bell Telephone Co.,

pursuant to Section 252(e) of the Federal Telecommunications Act of 1996, 47 U.S.C. §252(e), and Sections 4-101, 10-101, and 10-108 of the Illinois Public Utilities Act, 220 ILCS 5/4-101, 10-101, and 10-108.
Status: Pending briefing.

II. APPEALS AND OTHER JUDICIAL REVIEW PROCEEDINGS INVOLVING PUBLIC UTILITIES OR TELECOMMUNICATIONS CARRIERS DECIDED IN 2009

A. Cases dismissed without decision on the merits and with no further action expected

1. Under the Public Utilities Act, 220 ILCS 5

a. *Illinois Bell Tel. Co. v. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 4-02-0694
Ill.C.C. Docket No. 01-0614
Appeal regarding Commission order implementing tariff provisions related to Section 13-801 of the Universal Telephone Service Protection Law of 1985, 220 ILCS 5/13-801.
In view of the federal ruling in *Illinois Bell Telephone Co. v. Box,* 548 F. 3d 607 (7th Cir., 2008), which held portions of Section 13-801 of the Universal Telephone Service Protection Law of 1985, 220 ILCS 5/13-801, inconsistent with and preempted by Telecommunications Act of 1996, 47 USCA §251, the Appellate Court granted Illinois Bell's motion to dismiss the statutory appeal on April 13, 2009.

b. *Northern Illinois Gas Co. d/b/a Nicor Gas Co. v. Illinois Commerce Commission, et al.,* Illinois Appellate Court Nos. 2-09-0497, 2-09-0499, 2-09-1037 and 2-09-1043(cons.), Ill.C.C. Docket No. 08-0363.
Appeal from grant or denial of natural gas rate changes for Northern Illinois Gas Co. ("Nicor Gas").
After taking a series of appeals from its most recent general rate case, Nicor Gas moved to voluntarily dismiss the appeals. The Court dismissed the consolidated cases on December 17, 2009.

c. *Ottawa Airport, Inc., et al. v. Illinois Commerce Commission, et al.,* Illinois Appellate Court No. 3-09-0481, Ill.C.C. Docket No. 06-0706.
Appeal from the grant or denial of certificate of public convenience and necessity under Section 8-406 of the Public Utilities Act, 220 ILCS 5/8-406, and the direction to construct, operate, and maintain a new transmission line in LaSalle County, Illinois, under Section 8-503 of the Public Utilities Act, 220 ILCS 5/8-503.
On August 5, 2009, the Appellate Court granted the voluntary withdrawal of the appeal.

2. Under Other Utility-Related Acts

None

B. Cases under the Public Utilities Act, 220 ILCS 5 in which decisions were rendered either by Opinion of the Court or by an Order issued under Supreme Court Rule 23. (A Rule 23 Order decides a case on its merits, but has limited effect as precedent on other cases.)

1. *Village of Bolingbrook. v. Illinois Commerce Commission, et al.,*

Illinois Appellate Court Docket No. 3-07-0619
Ill.C.C. Docket No. 06-0336.

Appeal from grant or denial of a proposed reorganization and change in control of a utility pursuant to Section 7-204 of the Public Utilities Act, 220 ILCS 5/7-204.

On March 27, 2009, in a Rule 23 Order, the Illinois Appellate Court for the Third District affirmed the Commission's decision which had approved the reorganization of the ownership of Illinois-American Water Co. ("IAWC"). The Commission's decision had been challenged with claims that the reorganized IAWC would be significantly impaired in its ability to raise capital or to maintain a reasonable capital structure and the reorganized IAWC would result in adverse rate impacts on IAWC's customers. The Appellate Court found that the evidence supported the Commission's determinations.

2. *Commonwealth Edison Co., et al. v. Illinois Commerce Commission, et al.,*

Illinois Appellate Court Nos. 2-06-1284, 2-06-1285, 2-06-1286, 2-07-0066, 2-07-0078 and 2-09-0104 (cons.),
Ill.C.C. Docket No. 05-0597.

Appeals from proposed general increase in rates for delivery service.

On September 17, 2009, the Illinois Appellate Court for the Second District affirmed the Commission order in a published Opinion.

Commonwealth Edison Company ("ComEd") had challenged certain Commission decisions related to the revenue requirement. Ignoring a issue which became moot, ComEd argued that (1) it was entitled to full recovery for certain incentive-based employee-compensation costs; and (2) It should have receive full recovery of an expenditure made by its parent (Exelon) to fund the employee pension plan. The Court agreed with the Commission on the first issue that ComEd had not furnished sufficient evidence to prove that that entire recovery would be proper and that the Commission decision did not violate Illinois law. On the second issue, the Court affirmed the Commission decision which had allowed recovery equal only to the least cost method of funding the pension plan.

The Building Owners and Managers Association of Chicago challenged the elimination of Rider 25, which had established a preferential rate for certain space-heating customers. The Court agreed that the elimination of Rider 25 constituted a rate change and, therefore, 220 ILCS 5/16-103(a) was not violated. The Court also found that substantial evidence supported the Commission's decision and that there was insufficient evidence to prove detrimental reliance or promissory estoppel.

The CTA and METRA ("Railroads") challenged the recovery by ComEd of certain of its construction costs for new facilities and also challenged the creation of Rider NS, which accommodates the need of the Railroads for an automatic load transfer service to provide electricity if the main supply to the Railroads are disrupted. The Court rejected the Railroads' impairment of contract arguments or that the issues were not rate matters within the meaning of the Public Utilities Act, 220 ILCS 5. The reviewing court likewise rejected the argument that Rider NS was too indefinite or otherwise in violation of Section 9-102 of the Public Utilities Act, 220 ILCS 5/9-102. Finally, the Court found that right to contract under Section 16-129 of the Public Utilities Act, 220 ILCS 5/16-129, does not prohibit or exclude the Commission's power to set just and reasonable rates.

3. *Illinois Bell Telephone Co. v. Illinois Commerce Commission*

Illinois Appellate Court Docket No. 1-08-2859
Ill.C.C. Docket No. 07-0629

Appeal of the Commission order finding that Illinois Bell Telephone Co. engaged in anti-competitive behavior in violation of Sections 13-514, 13-515 and 13-516 of the Universal Telephone Service Protection Law of 1985, 220 ILCS 5/13.

On December 23, 2009, the Appellate Court affirmed the Commission's decision in a published opinion. Illinois Bell Telephone Co. (Illinois Bell) had refused to allow Sprint Communications L.P. and four of its affiliates to adopt an existing interconnection agreement, by seeking to limit the adoption to only one of Sprint's wireless affiliates. The Commission had found no factual or legal basis for Illinois Bell's refusal to allow multiple parties to adopt the existing interconnection agreement.

The Appellate Court found that the Commission had jurisdiction to prohibit anti-competitive conduct under Section 13-514 of the Universal Telephone Service Protection Law of 1985, 220 ILCS 5/13-514 , even in the absence of proof that

Illinois Bell's refusal caused some physical disruption of the network connections. The Appellate Court also affirmed the Commission's finding that Illinois Bell's refusal was unreasonable in view of the merger conditions arising from the approval of the AT&T/Bell South merger and the requirement of good faith negotiation under 47 USC 251(c)(1).

4. *Northern Moraine Wastewater Reclamation District v. Illinois Commerce Commission and Rockwell Utilities, LLC*

Illinois Appellate Court Docket No. 2-07-1080
Ill.C.C. Docket Nos. 06-0522 and 06-0523 (cons.)

Appeal from grant or denial of certificates of public convenience and necessity under Section 8-406 of the Public Utilities Act, 220 ILCS 5/8-406.

On June 12, 2009, the Appellate Court in a published opinion affirmed the Commission decision to grant a certificate to Rockwell Utilities, LLC, to provide both water and sewer service in Lake County, Illinois. Northern Moraine Wastewater Reclamation District had challenged the Commission's decision on a myriad of bases. The Court decided that (1) the decision had not violated the Clean Water Act of 1977, 33 USC 1251 *et seq.*; (2) many of Moraine's arguments were a collateral attack on the issuance of permits by the Illinois Environmental Protection Agency ("IEPA") and Moraine had neither preserved nor diligently sought review of the IEPA's decision to grant the permits directly; (3) the Commission's decision had neither violated nor conflicted with federal law; (4) the Commission had the authority to grant a certificate of public convenience and necessity to Rockwell; (5) Rockwell was not required to become designated management area in order under the Clean Water Act of 1977*, supra*; (6) the Commission's grant of a temporary certificate to Rockwell had sufficient findings which were not against the manifest weight of the evidence; (7) the Commission's finding that Rockwell satisfied the least cost, efficient managing and supervising, financially capable requirements of Section 8-406(b) of the Public Utilities Act, 220 ILCS 5/8-406(b) was supported by substantial evidence; (8) Moraine is not protected by first in the field doctrine; and (9) the Commission's rulings on evidence and on striking nonconforming pleadings of Moraine did not abuse its discretion and was not arbitrary or capricious.

5. *People of the State of Illinois v. Illinois Commerce Commission, et al.,* Illinois Appellate Court Docket No. 4-06-1063 (formerly 1-06-3014), Ill.C.C. Docket No. 06-0027,
related to Supreme Court Docket Nos. 104393 and 105131,
and
City of Chicago v. Illinois Commerce Commission, Illinois Appellate Court Docket No. 4-06-1064 (formerly 1-06-3126), Ill.C.C. Docket No. 06-0027,
related to Supreme Court Docket Nos. 104361 and 105151.

Appeals from investigation of specified tariffs declaring certain services to be competitive pursuant to Section 13-502 of the Public Utilities Act, 220 ILCS 5/13-502.

On September 3, 2009, the Illinois Appellate Court for the Fourth District ("Fourth District") entered its Opinion on the appeal of the People of the State of Illinois which had been remanded by the Illinois Supreme Court in Docket No. 105131. (Although these two appeals have not been consolidated, the City of Chicago's appeal has been following the appeal of the People with the Appellate and Supreme Courts taking identical action on the City's appeal after ruling in the People's appeal.)
Because Illinois Bell Telephone Co. had filed the first appeals to the Fourth District (Docket Nos. 4-06-0882 and 4-06-0911), the appeals from the Illinois Appellate Court for the First District, *People of the State of Illinois and City of Chicago v. Illinois Commerce Commission, et al.,* Docket Nos. 1-06-3014 and 1-06-3126 (cons.) were transferred and renumbered as 4-06-1063 and 4-06-1106. In 2007, the Fourth District had dismissed all four pending appeals from Ill.C.C. Docket No. 06-0027 without consolidating all of the appeals. In 2008, the Illinois Supreme Court had reversed the dismissal of the People's and the City's appeals and had remanded the appeals (separately) for further consideration of the Fourth District. The Supreme Court's Opinion was published as *People ex rel. Madigan v. Illinois Commerce Commission*, 231 Ill. 2d 370 (2008). Certain jurisdictional questions were remanded to the Fourth District for ruling before reaching the merits of any of the appeals.

The first issue was whether an appeal from Ill.C.C. Docket No. 06-0027 could be brought in the Illinois Appellate Court for the Fourth District under Section 10-201 of the Public Utilities Act, 220 ILCS 5/10-201. The underlying Commission decision had affected the MSA-1 territory of Illinois Bell. MSA-1 lies partially in four of the Illinois Appellate Court districts. The Appellate Court found that the appeal could have been brought in any of those four Appellate districts.

The second issue was whether the Fourth District still had jurisdiction. Because Illinois Bell's appeals had been dismissed and Illinois Bell had not appealed from the dismissal, the Fourth District held that those appeals were no longer pending. Thus, the first appeal still pending is the People's appeal which had been originally filed in the First District. Therefore, the Fourth District remanded the two pending appeals back to the First District for further proceedings.

6. *People of the State of Illinois v. Illinois Commerce Commission, et al.,*
Illinois Appellate Court Docket No. 4-08-0895,
Ill.C.C. Docket Nos. 07-0585 through 07-0590 (cons.).

Appeal from grant or denial of electric delivery service rate changes and gas delivery service rate changes for AmerenCILCO, AmerenCIPS, and AmerenIP under Section 9-201 of the Public Utilities Act, 220 ILCS 5/9-201.

On November 13, 2009, the Illinois Appellate Court affirmed the underlying Commission decision in a Rule 23 Order. The appeal by the People was limited to challenging the rate redesign of the natural gas delivery charges for residential and small commercial customers of the Ameren Illinois utilities.

The People had challenged the redesign on the natural gas delivery charges on the basis of lack of substantial evidence, rate shock, and failure to consider the effects of the rate change on affected customers. The Appellate Court ruled that there was sufficient evidence to justify the redesign of the natural gas delivery charges, that there was no evidence of rate shock, and that the Commission had considered the evidence of record concerning the effects of the rate changes on affected customers.

The People have until December 18, 2009, to seek Supreme Court review.

C. Other Utility-Related Judicial Review Proceedings in which decisions were rendered either by Opinion of the Court or by an Order issued under Supreme Court Rule 23. (A Rule 23 Order decides a case on its merits, but has limited effect as precedent on other cases.)

Appeal from Dispute Resolution under the Wireless Emergency Telephone Safety Act, 50 ILCS 751.

Southwest Central Emergency Telephone System Board v. Illinois Commerce Commission, et al.,

Illinois Appellate Court Docket No. 1-06-3296,

Ill.C.C. Docket No. 05-0055.

Appeal from decision concerning disputed surcharge payments under Wireless Emergency Telephone Safety Act., 50 ILCS 751.

On March 27, 2009, the Illinois Appellate Court for the First District affirmed the Commission's order in a Rule 23 Order. The Commission had found that most of the disputed surcharge payments should be made to the DuPage County Emergency Telephone System Board ("DuPage") rather than to the Southwest Central Emergency Telephone System Board ("Southwest").

Southwest challenged the Commission decision on the basis that DuPage had surrendered its jurisdiction to serve the territory related to the payment of surcharges for wireless 9-1-1 service, but the Appellate Court found that there was no substantial support for Southwest's position in the record. The Court likewise agreed with the Commission that there was no substantial evidence that DuPage and Southwest had overlapping jurisdiction. Finally, the Court rejected Southwest's *quantum meruit* claims.

SECTION 7

Studies and Investigations Required by State Statutes

(7) A description of the status of all studies and investigations required by this Act, including those ordered pursuant to Sections 4-305, 8-304, 9-242, 9-244, and 13-301 and all such subsequently ordered studies or investigations.

Section 4-305: Emission Allowance Reports
Section 4-305 of the Public Utilities Act reads as follows:

> Sec. 4-305. Emission allowances. Beginning with the first quarter of 1993, the Commission shall collect from each public utility and each affiliated interest of a public utility owning an electric generating station information relating to the acquisition or sale of emission allowances as defined in Title IV of the federal Clean Air Act Amendments of 1990 (P.L. 101-549), as amended. The information collected shall include the number of emission allowances allocated to each utility, by statute or otherwise, and the number of emission allowances acquired or sold by each utility. The Commission shall establish quarterly requirements for reporting the information specified under this Section. Beginning with the annual report due January 31, 1994, the Commission shall include the information collected under this Section in the annual report required under this Act.

Appendix B presents information that the Commission has collected under Section 4-305 of the Public Utilities Act since the last Annual Report. Appendix B contains fourth quarter 2008 reports and third quarter 2009 reports. The third quarter 2009 reports present a running total of all allowance allocations and transactions during the first three quarters of 2009.

Section 8-304: Estimated Billing Practices

This section states that the Illinois Commerce Commission shall perform a comprehensive study of estimated billing practices and policies of the major regulated public utilities providing natural gas and/or electric services.

For purposes of this study, the Commission selected the following major regulated public utilities providing natural gas and/or electric services to Illinois households:

AmerenCILCO
AmerenCIPS
AmerenIP
AmerenUE
Commonwealth Edison Company
MidAmerican Energy Company
Northern Illinois Gas Company
Peoples Gas Light & Coke Company

These eight utilities comprise over 95 percent of the regulated utility service sales to residential customers in Illinois.

For the study, the companies provided such information as a three year history of the total number of estimated bills broken down by customer class, time of year, geographic location, customer group, and frequency of consecutively estimated bills; the reasons for estimated billing; the costs of relocating and reading meters; the methods or formulas used for establishing the amounts of estimated bills; and the programs or instruments used to minimize the frequency of estimated bills. The study was conducted in 1987. An analysis of the data received was conducted by Commission staff. No activities were required in 2009.

Section 8-403: Cogeneration/Small Power Production

Section 8-403 states that the Commission shall conduct a study to encourage the full and economical utilization of cogeneration and small power production. In addition to the independent power generation aspect of the study, the Commission is also required to examine the wheeling of electricity between governmental agencies. This study was completed in 1987. No activities were required in 2009, and no further activities are anticipated in the future.

Section 8-405.1: Feasibility of Wheeling in Illinois

Section 8-405.1 directs the Commission, in cooperation with the Illinois Department of Energy and Natural Resources, to investigate the major economic and legal issues surrounding the wheeling of electricity in Illinois and to report the results of its investigation to the General Assembly. In December 1987, the Commission submitted the report titled *Electric Wheeling in Illinois* to the General Assembly. No activities were required in 2009, and no further activities are anticipated in the future.

Section 9-202: Temporary Rate Increase

On October 1, 1987, 83 Ill. Adm. Code 330 became effective. Among other things, 83 Ill. Adm. Code 330 put forth the necessary conditions for a temporary rate increase pursuant to Section 9-202(b) and provided for refunds with interest if the temporary rate increase granted exceeded the permanent rate increase granted.

Section 9-214: Study of CWIP

The study was completed and sent to the General Assembly on December 29, 1988. Please see the Commission's 1992 annual report, page 56, for details.

Section 9-216: Rulemaking for Cancellation Costs

The regulated utilities currently have no generation or production plant under construction and have not made any requests for authority to construct new generation or production plant. Given that there is no due date for either the initiation or completion of this rulemaking, the Commission will initiate rulemaking as soon as practical, given the Commission's current workload and resources.

Section 9-223: Evaluation of the Fire Protection Charge

Section 9-223(b) directs the Commission to evaluate the purpose and use of each fire protection charge imposed under Section 9-223. Section 9-223(b) was added to the Public Utilities Act as part of Public Act 94-0950 with an effective date of June 27, 2006. The Commission submitted a report containing its findings to the General Assembly prior to the last day of the 2008 veto session.

Economic Development Program

A summary of the Commission's economic development program and its activities since its inception may be found in the 1996 and previous Commission annual reports.

The Commission coordinates its economic development activities with other state agencies, including the Department of Commerce and Economic Opportunity. Commission staff members represent the agency on interagency task forces that relate to the Commission's economic development activities. Individual economic development project proposals are reviewed in conjunction with appropriate staff from utilities, state and local government, and private businesses. Staff comments on tariff and/or rate filings by utilities and testimony in rate case proceedings serve to further articulate Commission policies in the area of economic development.

As the implementation of customer choice continues, the Commission will assess its impact on economic development through an ongoing evaluation of rulemakings and decisions in the following areas: requirements for alternative electric suppliers, consumer-education materials, delivery services tariffs, distributed resources, and real-time pricing.

Verification of Commonwealth Edison's Commitments Related to the Downers Grove Substation Fire Investigation

On Wednesday, August 10, 2005, a fire broke out in the cable space of the Downers Grove Substation, causing a service interruption for customers in portions of Darien, Downers Grove, Bolingbrook, and DuPage Township. Service was not fully restored until the afternoon of Friday, August 12, 2005. The intervening period was one of hot summer weather, and Commonwealth Edison's inability during that hot weather to switch feeds to neighboring substations during this outage focused renewed attention on ComEd's power delivery infrastructure capacity. The Commission retained The Liberty Consulting Group ("Liberty") to investigate the root causes and implications of this fire because the Downers Grove Substation is one of 264 larger, transmission level substations in Commonwealth Edison's power delivery infrastructure; ComEd's system also includes an additional 775 smaller distribution level substations. The conclusion from the subsequent investigations was that the Downers

Grove fire on August 10, 2005, should not have happened if Commonwealth Edison had implemented lessons that it should have learned from prior, similar events. On September 8, 2006, the Commission retained Liberty to verify for the Commission over the next three years Commonwealth Edison's compliance with its plan to implement the lessons learned from the Downers Grove Substation fire.

In the third (and final) of three annual reports to the Commission on August 8, 2009, Liberty reported that it did not find any instances in which ComEd failed to meet its commitments; however, Liberty noted that ComEd has reduced the number of substations that were to receive fire suppression systems from the number presented in ComEd's original plan. Liberty's final summary report and three annual reports can be found on the Commission's web site at http://www.icc.illinois.gov/electricity/electricreliability.aspx.

While Liberty's work on the verification of ComEd's commitments related to the Downers Grove substation fire is complete, there are five matters that remain ongoing: (1) relocation of substation battery leads, (2) replacement of undersized substation batteries, (3) creation of substation site fire pre-plans, (4) continuation of periodic substation fire drills, and (5) continuation of periodic thermographic inspections in cable spaces. Staff will monitor these matters and follow up with ComEd on a periodic basis.

Peoples Gas Pipeline Safety Program Investigation

During January 2004, Commission Pipeline Safety inspectors determined that Peoples Gas Light And Coke Company's ("Peoples Gas") records of corrosion control test point readings indicated that Peoples Gas had failed to properly inspect corrosion test points on its gas distribution system in compliance with required schedules. In response to a January 2004 notification from Commission Staff of its deficiencies respecting corrosion test point monitoring and its obligations to promptly remedy such deficiencies, Peoples Gas responded that it would bring its scheduled test point monitoring into compliance and would promptly remedy past deficiencies in that monitoring.

When Commission Staff Pipeline Safety inspectors returned in early 2005 to re-examine the Peoples Gas corrosion monitoring records, records indicated that additional failures to monitor corrosion test points in compliance with mandatory inspection schedules had occurred during the intervening year and that certain deficiencies noted in early 2004 still persisted. Peoples Gas was notified in early 2005 of its noncompliance with pipeline safety requirements and its failure to promptly remedy past deficiencies. Again, Peoples Gas responded to the notification of noncompliance with a commitment to bring itself into compliance.

In early 2006, Commission Pipeline Safety inspectors returned to Peoples Gas to determine whether or not the deficiencies had been rectified. While the Peoples Gas pipeline safety records indicated that compliance had been achieved, field examinations of actual corrosion test point readings indicated a number of incidents of noncompliance.

Following the completion of the 2006 record examination, Staff recommended to the Commission that a citation proceeding be initiated against Peoples Gas. In April 2006, the Commission ordered Peoples Gas to show cause why it should not be found to have failed to comply with Pipeline Safety program requirements. Litigation in that case has been completed, and the Commission found that Peoples Gas had failed to comply with Pipeline Safety requirements.

On April 17, 2007, the Commission contracted The Liberty Consulting Group ("Liberty") to: (1) determine the degree to which the Peoples Gas pipeline safety program conforms to standards established in 49 CFR Part 192 and the Illinois Gas Pipeline Safety Act; (2) prepare a report to the Commission that details its findings including recommendations regarding the actions Peoples Gas must take, if any, to bring its Pipeline Safety Program into compliance with federal and state requirements and industry best practices; (3) subsequently monitor on a quarterly basis for two years Peoples Gas' efforts to implement recommendations to bring the Peoples Gas pipeline safety program into compliance with federal requirements and industry best practices; and (4) prepare interim and final reports to the Commission regarding the results of its monitoring activities.

During the period from May 2007 through July 2008, Liberty acquired information from Peoples, interviewed employees, observed field activities, conducted inspections, and took corrosion control readings.

In August 2008, Liberty provided the Commission with its Report on the investigation including 66 recommendations for improvement. The Report states: "Liberty found many areas in which Peoples Gas has considerable room for improvement. Common threads for the deficiencies were that (1) safety-related programs such as leak management and excavation damage prevention did not have someone who had overall ownership and responsibility, (2) there was insufficient staffing in some areas

such that Peoples Gas was not performing important activities like field supervision, (3) training for many of the safety-related programs was not sufficient, and (4) Peoples Gas did not monitor and measure its own performance and identify areas needing improvement."
The public version of the Report can be found on the Commission's web site at http://www.icc.illinois.gov/downloads/public/ng/Final%20Report%20Pipeline%20Safety%20Investigation%20-%20Public%20Version.pdf.

Liberty has now begun the verification-monitoring phase as specified in the contract where Liberty will report, on a quarterly basis over the next two years, the progress that Peoples has made in implementing or addressing the 66 recommendations in Liberty's investigation report. This will be capped by a final report detailing the results of Liberty's two-year verification-monitoring activities.

Liberty provided the third of these quarterly reports on October 2, 2009. In the report, Liberty indicated that its verification work has started in all major areas except for corrosion control and emergency response. Liberty plans to start the verification in these two areas in the fourth quarter. While Liberty has completed its verification work for only a few recommendations, Peoples Gas and Liberty have made progress on many. Peoples Gas implementation plan and Liberty's planned work should result in the closure of many items after the first year (4th quarter).

The public versions of Liberty's quarterly reports are available on the Commission's web site at http://www.icc.illinois.gov/naturalgas/.

Investigation of Ameren's Illinois Utilities' Storm Outage
On July 19 and 21, 2006, windstorms struck the service areas of all three Ameren utilities in Illinois resulting in a loss of service to more than 300,000 electric customers in Illinois. Restoring service to AmerenCILCO, AmerenCIPS, and AmerenIP customers took over a week. On November 30, 2006, an ice storm struck central Illinois interrupting electric service to more than 200,000 Ameren Illinois customers. The Ameren utilities took about nine days to restore service to all their Illinois customers. The Commission had previously adopted assessments of Ameren's Illinois utilities' electric service reliability that contained criticism of Ameren utility tree trimming, other distribution line maintenance issues, and the placement of lightning arrestors and tap fuses. These assessments had suggested that the condition of Ameren electricity delivery facilities could contribute to the effects of storms on service to Ameren's customers.

Recognizing the above facts, the Commission began an investigation of Ameren's service restoration response to learn if it was adequate and appropriate and to investigate the condition of Ameren's electricity delivery facilities to learn if it contributed to the large numbers of service interruptions during the storms. On August 29, 2007, the Commission signed a contract with The Liberty Consulting Group ("Liberty") to perform the Ameren investigation. Liberty began working under the contract immediately and delivered its investigation report one year later on August 15, 2008. Liberty's investigation report includes 157 recommendations for improving service reliability and shortening service restoration times after major storms. Liberty's report is available on the Commission's web site at http://www.icc.illinois.gov/electricity/electricreliability.aspx; the file is labeled, "Liberty's Ameren Outage Investigation Report."

Since the conclusion of the investigation, Liberty has been examining Ameren's efforts to implement the recommendations from the investigation report. This verification work will conclude on or before December 31, 2011.

Analysis of Initial Clean Coal Facility's Cost Report
The State of Illinois enacted Public Act 95-1027, the Clean Coal Portfolio Standard Law. This new law adds Subsection 1-75(d)(4) to the Illinois Power Agency Act [20 ILCS 3855] and requires the Commission to submit a report to the General Assembly setting forth its analysis of a facility cost report filed by the initial clean coal facility in Illinois. By law, the Commission must provide its analytical report to the General Assembly within six months after the initial clean coal facility files its facility cost report.

The initial clean coal facility in Illinois is Tenaska's planned Taylorville Energy Center ("Tenaska"), which intends to file its facility cost report in early 2010. Tenaska's likely filing date and the need for the General Assembly to take action on the Commission's analysis made a much earlier completion date for Agency's analysis and report desirable. Therefore, the Commission hired Boston Pacific Company to begun its analysis of Tenaska's facility cost report in August 2009. Boston Pacific has been using planning documents that Tenaska's engineers have drafted or finished to complete as much of its analysis as it can before

Tenaska files its facility cost report. Boston Pacific should complete its analysis shortly after Tenaska files the facility cost report. The Commission will use Boston Pacific's analysis to write a report to the General Assembly.

SECTION 8

Impacts of Federal Activity on State Utility Service

(8) A discussion of new or potential developments in federal legislation, and federal agency and judicial decisions relevant to State regulation of utility service

COMMISSION POLICY AND ACTIONS IN FERC PROCEEDINGS

The Federal Energy Regulatory Commission ("FERC") regulates, among other things, the rates for wholesale electricity sales by public utilities and transmission of electricity in interstate commerce, the transmission and sale of natural gas for resale in interstate commerce, and the transportation of natural gas by interstate pipelines. The primary goal of the ICC's Federal Energy Program is to ensure that the rules, policies, rates, and terms and conditions of service that the FERC establishes for electric transmission service, bulk power sales, and natural gas pipeline transportation are fair and reasonable for Illinois energy consumers. The activities of the Commission's Federal Energy Program are discussed in more detail below.

DEVELOPMENTS IN THE NATURAL GAS INDUSTRY

Interstate natural gas pipeline transportation service operates under the Order 636 open access rules adopted by the FERC in 1992. In recent years, the FERC's focus in the natural gas arena has been to hone its interstate natural gas transportation policy through incremental modifications with the implementation of Order 637. FERC's gas policy continues to focus on improving the efficiency and transparency of the natural gas market, encouraging the development of new natural gas storage capacity and infrastructure, increasing competition, and protecting consumers against excessive pipeline transportation rates. To that end in 2009, FERC continued to expand natural gas infrastructure by approving numerous pipeline expansions and liquefied natural gas import terminals. Of particular interest to Illinois, the Bison Pipeline Project is pending approval from the FERC. As proposed, the Bison Pipeline is a 302-mile, 30-inch natural gas pipeline that will interconnect with Northern Border Pipeline in North Dakota. When operational, the Bison Pipeline will move 477 million cubic feet of natural gas per day from the Powder River Basin in Wyoming to the Northern Border Pipeline Company system for delivery into the natural gas markets in the Midwest. The Rockies Express East Pipeline became operational in 2009 and now provides natural gas shippers with enough pipeline capacity to ship over 1.8 billion cubic feet per day of Rocky Mountain natural gas to markets east of the Rockies. FERC also issued several major natural gas rulemakings in 2009. Order 704-B was a final order requiring participants in the natural gas market to file detailed annual reports regarding physical transactions. The FERC also issued Order 712-B that affirmed the FERC's earlier orders lifting the maximum rate ceiling on secondary capacity releases of one year or less provided that such releases take effect within a year of the date that a pipeline is notified of the release. Finally, the FERC issued an order in Docket No. RM09-2 that revised its contract reporting requirements for those natural gas pipelines that fall under the FERC's jurisdiction.

DEVELOPMENTS IN THE ELECTRIC POWER INDUSTRY

In the last decade, the FERC has initiated several sweeping reforms concerning the regulation of the transmission grid. In particular, Order 888 opened the nation's transmission grid through open access transmission tariffs. Order 2000 called for the voluntary creation of regional transmission organizations ("RTOs") which are intended to bring about increased efficiency through both improved grid management and increased access to competitive power supplies by end-users. The FERC has also spent a significant amount of time and resources trying to improve the efficiency and transparency of electricity markets through the implementation of the Energy Policy Act of 2005 and Orders 890, 890-A, and 890-B.

In 2009, the most notable event impacting Illinois with respect to FERC-related issues was the US Court of Appeals for the 7th Circuit remand of FERC's order approving PJM's cost allocation policy for new 500 kV and above transmission facilities. The ICC appealed the FERC's order to the US Court of Appeals in 2008 after the FERC rejected the ICC's requests for rehearing. The ICC argued that FERC's decision effectively imposed a billion dollars in costs on Illinois electric customers that created no benefits for Illinois. The remand is currently pending before the FERC. The FERC also issued a request for comments on how it could improve transmission planning and cost allocation mechanisms. Numerous parties, including the ICC, submitted comments; the ICC expects the FERC to issue a proposed rulemaking or policy statement on this topic in 2010. The FERC has addressed "smart grid" issues including the application of digital technologies to the grid and the real-time coordination of information from generation supply resources, demand resources, and distributed energy resources. Additionally, the FERC worked to establish and implement reliability standards for the protection of critical electric infrastructure. Through orders granting incentive rate treatment to proposed transmission projects that deliver wind energy from Great Plains to eastern load centers, the FERC appears to be promoting renewable energy resource development.

With regards to PJM and the Midwest ISO, the FERC approved an application by MidAmerican Energy to join the Midwest ISO. MidAmerican Energy was integrated into the Midwest ISO in September of 2009. The Midwest ISO also successfully launched its ancillary services market in January of 2009. The FERC also issued an order approving a long-term resource adequacy program for the Midwest ISO that the ICC opposed. PJM also took steps to incorporate demand resources and energy efficiency into its long-term capacity procurement mechanism ("RPM"). However, RPM's tendency to over-procure capacity continues to be a concern for the ICC. Accordingly, the ICC continues to remain actively engaged at in both PJM and the Midwest ISO stakeholder processes to address the above-mentioned concerns.

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 (220 ILCS 5/16-101, et seq.), enacted on December 16, 1997, introduced the concept of delivery services and required Illinois utilities to provide open access to delivery services on a phased-in basis. However, in adopting that statute, the Illinois General Assembly recognized that certain components of delivery service may be subject to FERC jurisdiction. Therefore, the statute states:

> An electric utility shall provide the components of delivery services that are subject to the jurisdiction of the Federal Energy Regulatory Commission at the same prices, terms and conditions set forth in its applicable tariff as approved or allowed into effect by that Commission [FERC]. The Commission [ICC] shall otherwise have the authority pursuant to Article IX to review, approve, and modify the prices, terms and conditions of those components of delivery services not subject to the jurisdiction of the Federal Energy Regulatory Commission . . .. (220 ILCS 5/16-108(a))

Furthermore, Section 16-101A(d) of the Public Utility Act mandates:

> The Illinois Commerce Commission should act to promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all consumers.

Accordingly, the ICC continues to be actively engaged at FERC, working to ensure that the components of delivery service for which FERC has regulatory oversight responsibility are provided at rates, terms, and conditions that are appropriate for Illinois' retail direct access program. Similarly, the ICC has been advocating transparent wholesale electricity markets, believing that a transparent wholesale market is a prerequisite that must be developed in order for Illinois' open access retail program to provide greater benefits to retail customers.

NATIONAL DEVELOPMENTS

The production and transmission of renewable energy is rapidly becoming a major emphasis for both the FERC and the DOE. In particular, there have been numerous transmission projects approved by the FERC, and the DOE has several initiatives and studies aimed at the establishment and integration of renewable energy. While the ICC generally supports such initiatives, there is concern that Illinois electricity customers could end up paying a disproportionate share of the costs of such projects. As noted above, the ICC continues to be engaged at the FERC and DOE to ensure that these types of costs are allocated in a fair and equitable manner. The development and integration of smart grid technologies was also a prominent issue for both the FERC and the DOE. In 2009, both the DOE and the FERC have issued orders and conducted studies concerning the costs, benefits, value proposition to consumers, implementation and deployment of smart grid technologies.

SECTION 9

Recommendations for Proposed Legislation

(9) All recommendations for appropriate legislative action by the General Assembly.

The Commission's legislative agenda for the 96th General Assembly is currently being formulated. A detailed discussion of specific proposals currently under consideration would be premature at this time.

Appendix A

Summary of Significant Commission Decisions

SUMMARY OF SIGNIFICANT COMMISSION DECISIONS

Electric

06-0525 Illinois Commerce Commission
On Its Own Motion

Consideration of the federal standard on interconnection in Section 1254 of the Energy Policy Act of 2005.

In this docket, the legal and engineering standards for interconnection were developed. Interconnection is the process through which an individual or entity that has an electric generator, or something that generates electricity, (such as solar panels) can sell electricity to an electric company, like Commonwealth Edison Company. The rulemaking resulted in a standard procedure for interconnection, standardized contracts, and the electric engineering standards for four different types of generating facilities, covering all but the very largest of generating facilities. It also determined such matters as insurance coverage for the generating facilities; when an electric company should be required to build and install the interconnecting equipment; the amount of deposit that should be imposed for this equipment; and many other highly complex legal and engineering issues. Standardizing these matters ensures predictability for the interconnecting entity and makes it easier for smaller generators (such as persons with solar panels on their houses) to sell electricity to electric companies. Use of these interconnecting facilities helps to reduce the need for electric companies to build new generating facilities.

08-0291 Illinois Power Company d/b/a AmerenIP and Ameren Illinois
08-0448 Transmission Company
(Conso.)
Petition for an Order pursuant to Section 8-509 of the Public Utilities Act Approving Petitioners' Use of Eminent Domain Power.

In Docket No. 06-0179, the Commission entered an Order in 2007 granting a Certificate of Public Convenience and Necessity to Illinois Power Company d/b/a AmerenIP and Ameren Illinois Transmission Company pursuant to Section 8-406 of the Public Utilities Act. The Certificate authorizes the construction and operation of three 345 kV electric transmission lines, totaling approximately 38 miles in length. There were numerous intervenors in the case, many of whom were landowners over whose property the transmission lines would extend. The lines will be used to interconnect Ameren's high voltage transmission system with a 1,650 megawatt coal-fired generating station being constructed in Washington County. In the instant dockets, 08-0291 and 08-0449, Ameren filed a petition pursuant to Section 8-509 of the Act for an order approving the use of eminent domain with respect to the parcels, on two of the lines certificated in 06-0179, for which Ameren had been unable to obtain easement rights through the negotiation process. On June 9, 2009, the Commission entered an order granting the relief sought in 08-0291 and 08-0448, subject to conditions.

08-0364 BlueStar Energy Services, Inc.
-vs-
Lower Electric LLC

Verified Complaint Regarding Apparent Violations of 220 ILCS 5/16-115C.

Along with a simultaneous rulemaking, this complaint case involved the Commission's first application of the recent (2007) "ABC Law," which asserted regulatory control over the agents, brokers and consultants participating in the buying and selling of electricity provided by alternative retail suppliers. The Commission held that the law's licensing requirements and customer disclosure obligations would be strictly enforced.

08-0518 Illinois Power Agency

Petition for Approval of Initial Procurement Plan.

This proceeding involved a first-time filing by the by the Illinois Power Agency of a proposed procurement plan by which electric supply will be obtained for Commonwealth Edison Company and the Ameren Illinois Utilities. The supply will be used to meet residual load requirements for eligible retail customers for the plan year, June 2009 through May 2010, as well as certain subsequent years. Among other things, the proceeding considered whether the procurement plan, and the forecast used in the plan, will ensure adequate, reliable, affordable, efficient and environmentally sustainable electric service at the lowest total cost over time, taking into account any benefits of price stability. There were numerous parties in this proceeding. An order approving the plan with modifications was entered in January, 2009.

09-0165 Integrys Energy Services, Inc.

Petition for Declaratory Ruling as to the Applicability of Provisions of the Consumer Fraud Act and Public Utilities Act.

Integrys sought a declaratory ruling that minimal price disclosure would be legally adequate when providing retail service as an alternative gas supplier in the competitive market. The Commission ruled that Integrys' proposed disclosures would not give customers sufficient information to assess the benefits associated with Integrys' proposed service.

09-0206 Ted A. Wrobel
-vs-
Commonwealth Edison Company

Complaint as to billing/charges in Chicago, Illinois.

Complainant alleged that ComEd sent false billings, made inaccurate meter readings, retaliated for filing prior complaints, sent his bills to an inaccurate address which prevented him from applying for LIHEAP, and that it had breached a previous settlement agreement with him because he was unable to make settlement payments by telephone. Complainant contested that he owed ComEd $830.00.

The Commission determined that Complainant did not get his bills in a timely manner, because he had failed to notify the Postal Service that he had moved. The Commission dismissed the alleged inaccurate meter readings and purported retaliation, since Complainant failed to produce any evidence whatsoever in support. The Commission also determined that Complainant's inability to make payments by phone did not constitute a breach of the prior settlement agreement, observing that payment could have been made by other means, e.g., through a Currency Exchange, which Complainant had in fact used to make a subsequent payment. The Commission denied the complaint in its entirety.

09-0263 Commonwealth Edison Company

Petition to Approve an Advanced Metering Infrastructure Pilot Program and Associated Tariffs.

Commonwealth Edison sought Commission approval of a special program to teach certain portions of the general public how to use AMI meters. AMI meters can determine the actual price of electricity. This is in contrast to the meters that most people have, that just record how much electricity is being consumed.

The significance of these meters is that most electric rates are a blend, or, a daily average, of the actual cost of the electricity. In the summertime, however, the cost of electricity is very high during peak periods (approximately noon to 5:00 p.m.). Therefore, for someone who does not use much electricity during the peak times, these meters can provide significant savings in electric costs. These meters also encourage persons to run large appliances during off-peak times, as electricity is more reasonable during those times.

09-0619 Central Illinois Light Company
d/b/a AmerenCILCO
09-0620 Central Illinois Public Service Company
d/b/a AmerenCIPS
09-0621 Illinois Power Company
d/b/a AmerenIP

Proposal to implement a combined Utility Consolidated Billing (UCB) and Purchase of Receivables (POR) service. (Tariffs filed September 30, 2008)

On August 19, 2009, the Commission entered an Order in these consolidated dockets establishing utility consolidated billing

("UCB") and purchase of receivables ("POR") service, as required by Section 16-118 of the Public Utilities Act. Subsection (c) of Section 16-118 provides for POR service, under which an electric utility must provide retail electric suppliers ("RES") with the option to have the electric utility purchase their receivables for power and energy provided to residential and small commercial retail customers. Subsection (d) addresses UCB, under which an electric utility must provide RES with the option to have the electric utility produce and provide single bills to retail customers for both the electric power and energy provided by the RES and the delivery services provided by the electric utility.

Gas

08-0363 Northern Illinois Gas Company d/b/a Nicor Gas Company

Proposed general increase in natural gas rates. (Tariffs filed April 29, 2008)

Nicor sought to increase its revenues in the amount of $140,399,000. This docket involved resolution of myriad issues, including such matters as determining Nicor's rate of return; how much of an increase should be allowed to account for an increase in uncollectible accounts; how to calculate the rates for customers who only use Nicor's storage facilities; how to allocate storage losses for storage customers; what increases should be imposed due to increases in operating expenses; and many, many other issues.

Water & Sewer

08-0218 Illinois-American Water Company

Application for Approval of its Annual Reconciliation of Purchased Water and Purchased Sewage Treatment Surcharges pursuant to 83 Ill. Adm. Code 655.

The O Factor calculated in this water reconciliation was uncontested, however two other issues were raised. The Commission determined that Section 8-306(h) of the Act, which requires the use of a per unit charge, does not pertain to purchased sewage treatment surcharges. The issue was not reestablishment of a unit sewer rate, but recovery of purchase sewage treatment costs by the filing of a surcharge as authorized by the Act. The Commission views the provisions of Section 9-220.2 and 83 Ill. Adm. Code Part 655.40(b) as separate and distinct from those of Section 8-306(h) of the Act.

The Commission also granted IAWC's proposed 1.25% adjustment for non-revenue water, stating that non-revenue water is used for firefighting, main flushing and street cleaning and is either metered or accounted for by reasonable estimation procedures. It is not a component of UFW, which percentages were established by tariff. The adjustment is not in violation of Section 8-306(m) of the Act or IAWC's tariff, each of which pertains only to UFW.

09-0133 Aqua Illinois Inc.

Petition for the Issuance of Certificate of Public Convenience and Necessity to Operate a Water Distribution System in Kankakee County.

In the Petition initiating this proceeding, Aqua Illinois, Inc. requested that the Commission enter an order issuing a Certificate that authorized Aqua to construct, operate and maintain a water distribution system, and in connection therewith, transact a public utility business in an area of Limestone Township, Kankakee County, Illinois that is adjacent to Aqua's existing certificated area in Limestone Township. This petition arises out of a Class Action law suit in which a pipeline operated by Shell Oil Company leaked into the ground water in the area. Many of the residents used to get their water from this ground water. As part of the settlement, Shell has agreed to finance the expansion of Aqua's service to this area. The commission approved the petition on October 7, 2009.

Appendix B

Emission Allowance Reports

ALLOWANCE REPORTING FORM

Ameren Energy Generating Company

Reporting Period

October 1, 2008
to
December 31, 2008

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	1995	0	121,154	(95,222)	(18,798)	9,111	0	16,245
2	1996	16,245	121,154	(131,888)	(16,000)	25,694	0	15,205
3	1997	15,205	121,154	(151,751)	(36,300)	88,494	1	36,803
4	1998 *	36,803	114,176	(102,252)	(26,000)	27,360	0	50,087
5	1999 **	50,087	107,830	(87,461)	(16,000)	20,817	0	75,273
6	2000	75,273	64,225	(105,162)	(132)	56,831	2,409	93,444
7	2001	93,444	64,225	(90,673)	(107,061)	89,341	545	49,821
8	2002	49,821	64,225	(100,305)	(16,150)	62,792	545	60,928
9	2003	60,928	64,225	(90,120)	(13,866)	17,610	545	39,322
10	2004	39,322	64,225	(90,532)	(12,358)	31,437	545	32,639
11	2005	32,639	64,225	(83,905)	(41,044)	91,257	545	63,717
12	2006	63,717	64,225	(56,443)	(69,280)	43,411	545	46,175
13	2007 ***	46,175	64,225	(62,091)	(54,280)	59,227	545	53,801

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2008	53,801	64,225	(47,827)	(54,280)	53,452	545	69,916
15	2009	-	64,225	-	0	2,500	545	67,270
16	2010	-	64,649	-	0	0	(702)	63,947
17	2011	-	64,649	-	0	0	230	64,879
18	2012	-	64,649	-	0	0	230	64,879
19	2013	-	64,649	-	0	0	230	64,879
20	2014	-	64,649	-	0	0	230	64,879
21	2015	-	64,649	-	0	0	230	64,879
22	2016	-	64,649	-	0	0	230	64,879
23	2017	-	64,649	-	0	0	230	64,879
24	2018	-	64,649	-	0	0	230	64,879
25	2019	-	64,649	-	0	0	230	64,879
26	2020	-	64,649	-	0	0	(702)	63,947
27	2021	-	64,649	-	0	0	230	64,879
28	2022	-	64,649	-	0	0	230	64,879
29	2023	-	64,649	-	0	0	230	64,879
30	2024	-	64,649	-	0	0	230	64,879
31	2025	-	64,649	-	0	0	230	64,879

* Allocation reduced by 6,978 due to termination of Phase I substitution plans for Grand Tower 7 and 8 and Meredosia 1, 2, 3, 4, and 6 in 1998.

** Allocation reduced by 6,346 due to termination of Phase I substitution plan for Newton 2 in 1999.

*** The 2007 YTD Allowance Usage (column D) was revised to reflect 678 fewer allowances consumed at Hutsonville Unit 6. On April 17, 2008 USEPA approved a petition to use an alternative data substitution methodology for the period between April 6, 2007 and July 18, 2007.

ALLOWANCE REPORTING FORM

Ameren Energy Generating Company

Reporting Period

July 1, 2009
to
September 30, 2009

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2008	53,801	64,225	(47,827)	(54,280)	53,452	545	69,916
2	2009	69,916	64,225	(32,509)	0	2,500	545	104,677
3	2010	-	64,649	-	0	0	(702)	63,947
4	2011	-	64,649	-	0	0	230	64,879
5	2012	-	64,649	-	0	0	230	64,879
6	2013	-	64,649	-	0	0	230	64,879
7	2014	-	64,649	-	0	0	230	64,879
8	2015	-	64,649	-	0	0	230	64,879
9	2016	-	64,649	-	0	0	230	64,879
10	2017	-	64,649	-	0	0	230	64,879
11	2018	-	64,649	-	0	0	230	64,879
12	2019	-	64,649	-	0	0	230	64,879
13	2020	-	64,649	-	0	0	(702)	63,947

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2021	-	64,649	-	0	0	230	64,879
15	2022	-	64,649	-	0	0	230	64,879
16	2023	-	64,649	-	0	0	230	64,879
17	2024	-	64,649	-	0	0	230	64,879
18	2025	-	64,649	-	0	0	230	64,879
19	2026	-	64,649	-	0	0	230	64,879
20	2027	-	64,649	-	0	0	230	64,879
21	2028	-	64,649	-	0	0	230	64,879
22	2029	-	64,649	-	0	0	230	64,879
23	2030	-	64,649	-	0	0	230	64,879
24	2031	-	64,649	-	0	0	230	64,879
25	2032	-	64,649	-	0	0	230	64,879
26	2033	-	64,649	-	0	0	230	64,879
27	2034	-	64,649	-	0	0	230	64,879
28	2035	-	64,649	-	0	0	230	64,879
29	2036	-	64,649	-	0	0	230	64,879
30	2037	-	64,649	-	0	0	230	64,879
31	2038	-	64,649	-	0	0	230	64,879

ALLOWANCE REPORTING FORM

Ameren Energy Resources Generating Company

Reporting Period

October 1, 2008
to
December 31, 2008

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	33,228	(67,924)	0	37,839	246	3,389
2	2001	3,389	33,228	(61,214)	0	38,993	246	14,642
3	2002	14,642	33,228	(46,774)	0	36,528	246	37,870
4	2003	37,870	33,228	(65,446)	0	10,347	246	16,245
5	2004	16,245	33,228	(52,058)	(2,503)	7,653	246	2,811
6	2005	2,811	33,228	(39,999)	(20,534)	33,546	246	9,298
7	2006	9,298	33,228	(37,793)	0	1,454	246	6,433
8	2007	6,433	33,228	(15,084)	0	0	246	24,823
9	2008	24,823	33,228	(18,403)	0	0	246	39,894
10	2009	-	33,228	-	0	0	246	33,474
11	2010	-	29,190	-	0	0	105	29,295
12	2011	-	29,190	-	0	0	105	29,295
13	2012	-	29,190	-	0	0	105	29,295

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2013	-	29,190	-	0	0	105	29,295
15	2014	-	29,190	-	0	0	105	29,295
16	2015	-	29,190	-	0	0	105	29,295
17	2016	-	29,190	-	0	0	105	29,295
18	2017	-	29,190	-	0	0	105	29,295
19	2018	-	29,190	-	0	0	105	29,295
20	2019	-	29,190	-	0	0	105	29,295
21	2020	-	29,190	-	0	0	105	29,295
22	2021	-	29,190	-	0	0	105	29,295
23	2022	-	29,190	-	0	0	105	29,295
24	2023	-	29,190	-	0	0	105	29,295
25	2024	-	29,190	-	0	0	105	29,295
26	2025	-	29,190	-	0	0	105	29,295
27	2026	-	29,190	-	0	0	105	29,295
28	2027	-	29,190	-	0	0	105	29,295
29	2028	-	29,190	-	0	0	105	29,295
30	2029	-	29,190	-	0	0	105	29,295
31	2030	-	29,190	-	0	0	105	29,295

ALLOWANCE REPORTING FORM

Ameren Energy Resources Generating Company

Reporting Period

July 1, 2009
to
September 30, 2009

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2008	24,823	33,228	(18,403)	0	0	246	39,894
2	2009	39,894	33,228	(9,018)	0	0	246	64,350
3	2010	-	29,190	-	0	0	105	29,295
4	2011	-	29,190	-	0	0	105	29,295
5	2012	-	29,190	-	0	0	105	29,295
6	2013	-	29,190	-	0	0	105	29,295
7	2014	-	29,190	-	0	0	105	29,295
8	2015	-	29,190	-	0	0	105	29,295
9	2016	-	29,190	-	0	0	105	29,295
10	2017	-	29,190	-	0	0	105	29,295
11	2018	-	29,190	-	0	0	105	29,295
12	2019	-	29,190	-	0	0	105	29,295
13	2020	-	29,190	-	0	0	105	29,295

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2021	-	29,190	-	0	0	105	29,295
15	2022	-	29,190	-	0	0	105	29,295
16	2023	-	29,190	-	0	0	105	29,295
17	2024	-	29,190	-	0	0	105	29,295
18	2025	-	29,190	-	0	0	105	29,295
19	2026	-	29,190	-	0	0	105	29,295
20	2027	-	29,190	-	0	0	105	29,295
21	2028	-	29,190	-	0	0	105	29,295
22	2029	-	29,190	-	0	0	105	29,295
23	2030	-	29,190	-	0	0	105	29,295
24	2031	-	29,190	-	0	0	105	29,295
25	2032	-	29,190	-	0	0	105	29,295
26	2033	-	29,190	-	0	0	105	29,295
27	2034	-	29,190	-	0	0	105	29,295
28	2035	-	29,190	-	0	0	105	29,295
29	2036	-	29,190	-	0	0	105	29,295
30	2037	-	29,190	-	0	0	105	29,295
31	2038	-	29,190	-	0	0	105	29,295

Cordova Energy Company LLC

ALLOWANCE REPORTING FORM

Reporting Period

October 1, 2008 to December 31, 2008

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	0	0	0	0	0
2	2001	0	0	1	0	20	0	19
3	2002	19	0	2	0	0	0	17
4	2003	17	0	0	0	0	0	17
5	2004	17	0	1	0	0	0	16
6	2005	16	0	2	0	0	0	14
7	2006	14	0	0	0	0	0	14
8	2007	14	0	2	0	0	0	12
9	2008	12	0	0	0	0	0	12
10		---		---				
11		---		---				
12		---		---				
13		---		---				

Cordova Energy Company LLC

ALLOWANCE REPORTING FORM

Reporting Period

July 1, 2009 to September 30, 2009

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	0	0	0	0	0
2	2001	0	0	1	0	20	0	19
3	2002	19	0	2	0	0	0	17
4	2003	17	0	0	0	0	0	17
5	2004	17	0	1	0	0	0	16
6	2005	16	0	2	0	0	0	14
7	2006	14	0	0	0	0	0	14
8	2007	14	0	2	0	0	0	12
9	2008	12	0	0	0	0	0	12
10	2009	12	0	0	0	0	0	12
11		---		---				
12		---		---				
13		---		---				

Electric Energy Inc.

FORM 213/20

ALLOWANCE REPORTING FORM

Reporting Period

January 1, 2008 to December 31, 2008

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2008	34,105	-----	27,870	0			6,235
2	2009	48,992	-----	0	0			48,992
3	2010	29,040	-----	0	0			29,040
4	2011	29,040	-----	0	0			29,040
5	2012	29,040	-----	0	0			29,040
6	2013	29,040	-----	0	0			29,040
7	2014	29,040	-----	0	0			29,040
8	2015	29,040	-----	0	0			29,040
9	2016	29,040	-----	0	0			29,040
10	2017	29,040	-----	0	0			29,040
11	2018	29,040	-----	0	0			29,040
12	2019	29,040	-----	0	0			29,040
13	2020	29,040	-----	0	0			29,040

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2021	29,040	-----	0	0			29,040
15	2022	29,040	-----	0	0			29,040
16	2023	29,040	-----	0	0			29,040
17	2024	29,040	-----	0	0			29,040
18	2025	29,040	-----	0	0			29,040
19	2026	29,040	-----	0	0			29,040
20	2027	29,040	-----	0	0			29,040
21	2028	29,040	-----	0	0			29,040
22	2029	29,040	-----	0	0			29,040
23	2030	29,040	-----	0	0			29,040
24	2031	29,040	-----	0	0			29,040
25	2032	29,040	-----	0	0			29,040
26	2033	29,040	-----	0	0			29,040
27	2034	29,040	-----	0	0			29,040
28	2035	29,040	-----	0	0			29,040
29	2036	29,040	-----	0	0			29,040
30	2037	29,040	-----	0	0			29,040
31	2038	0	29,040	0	0			29,040

Electric Energy Inc.

FORM 213/20

ALLOWANCE REPORTING FORM

Reporting Period

January 1, 2009 to September 30, 2009

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2009	55,227	-----	17,293	0			37,934
2	2010	29,040	-----	0	0			29,040
3	2011	29,040	-----	0	0			29,040
4	2012	29,040	-----	0	0			29,040
5	2013	29,040	-----	0	0			29,040
6	2014	29,040	-----	0	0			29,040
7	2015	29,040	-----	0	0			29,040
8	2016	29,040	-----	0	0			29,040
9	2017	29,040	-----	0	0			29,040
10	2018	29,040	-----	0	0			29,040
11	2019	29,040	-----	0	0			29,040
12	2020	29,040	-----	0	0			29,040
13	2021	29,040	-----	0	0			29,040

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2022	29,040	-----	0	0			29,040
15	2023	29,040	-----	0	0			29,040
16	2024	29,040	-----	0	0			29,040
17	2025	29,040	-----	0	0			29,040
18	2026	29,040	-----	0	0			29,040
19	2027	29,040	-----	0	0			29,040
20	2028	29,040	-----	0	0			29,040
21	2029	29,040	-----	0	0			29,040
22	2030	29,040	-----	0	0			29,040
23	2031	29,040	-----	0	0			29,040
24	2032	29,040	-----	0	0			29,040
25	2033	29,040	-----	0	0			29,040
26	2034	29,040	-----	0	0			29,040
27	2035	29,040	-----	0	0			29,040
28	2036	29,040	-----	0	0			29,040
29	2037	29,040	-----	0	0			29,040
30	2038	0	29,040	0	0			0
31				0	0			0

MidAmerican Energy Company

ALLOWANCE REPORTING FORM

Reporting Period

October 1, 20 08

To

December 31, 20 08

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2008	18,028	67,606	51,479	0	18,400	1	52,556
2	2009	-----	67,606	-----	0	36,571	0	104,177
3	2010	-----	59,139	-----	0		0	59,139
4	2011	-----	59,139	-----	0	0	0	59,139
5	2012	-----	59,139	-----	0	0	0	59,139
6	2013	-----	59,139	-----	0	1,988	0	61,127
7	2014	-----	59,139	-----	0	9,118	0	68,257
8	2015	-----	59,139	-----	0	0	0	59,139
9	2016	-----	59,139	-----	0	0	0	59,139
10	2017	-----	59,139	-----	0	0	0	59,139
11	2018	-----	59,139	-----	0	0	0	59,139
12	2019	-----	59,139	-----	0	0	0	59,139
13	2020	-----	59,139	-----	0	0	0	59,139

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2021	-----	59,139	-----	0	0	0	59,139
15	2022	-----	59,139	-----	0	0	0	59,139
16	2023	-----	59,139	-----	0	0	0	59,139
17	2024	-----	59,139	-----	0	0	0	59,139
18	2025	-----	59,139	-----	0	0	0	59,139
19	2026	-----	59,139	-----	0	0	0	59,139
20	2027	-----	59,139	-----	0	0	0	59,139
21	2028	-----	59,139	-----	0	0	0	59,139
22	2029	-----	59,139	-----	0	0	0	59,139
23	2030	-----	59,139	-----	0	0	0	59,139
24	2031	-----	59,139	-----	0	0	0	59,139
25	2032	-----	59,139	-----	0	0	0	59,139
26	2033	-----	59,139	-----	0	0	0	59,139
27	2034	-----	59,139	-----	0	0	0	59,139
28	2035	-----	59,139	-----	0	0	0	59,139
29	2036	-----	59,139	-----	0	0	0	59,139
30	2037	-----	59,139	-----	0	0	0	59,139
31	2038	-----	59,139	-----	0	0	0	59,139

MidAmerican Energy Company

MidAmerican Energy Company

ALLOWANCE REPORTING FORM

Reporting Period

July 1, 20 09

To

September 30, 20 09

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2009	52,556	67,606	32,242	9,375	36,571	0	115,116
2	2010	-----	59,139	-----	0	0	0	59,139
3	2011	-----	59,139	-----	0	0	0	59,139
4	2012	-----	59,139	-----	0	0	0	59,139
5	2013	-----	59,139	-----	0	1,988	0	61,127
6	2014	-----	59,139	-----	0	9,118	0	68,257
7	2015	-----	59,139	-----	0	0	0	59,139
8	2016	-----	59,139	-----	0	0	0	59,139
9	2017	-----	59,139	-----	0	0	0	59,139
10	2018	-----	59,139	-----	0	0	0	59,139
11	2019	-----	59,139	-----	0	0	0	59,139
12	2020	-----	59,139	-----	0	0	0	59,139
13	2021	-----	59,139	-----	0	0	0	59,139

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2022	-----	59,139	-----	0	0	0	59,139
15	2023	-----	59,139	-----	0	0	0	59,139
16	2024	-----	59,139	-----	0	0	0	59,139
17	2025	-----	59,139	-----	0	0	0	59,139
18	2026	-----	59,139	-----	0	0	0	59,139
19	2027	-----	59,139	-----	0	0	0	59,139
20	2028	-----	59,139	-----	0	0	0	59,139
21	2029	-----	59,139	-----	0	0	0	59,139
22	2030	-----	59,139	-----	0	0	0	59,139
23	2031	-----	59,139	-----	0	0	0	59,139
24	2032	-----	59,139	-----	0	0	0	59,139
25	2033	-----	59,139	-----	0	0	0	59,139
26	2034	-----	59,139	-----	0	0	0	59,139
27	2035	-----	59,139	-----	0	0	0	59,139
28	2036	-----	59,139	-----	0	0	0	59,139
29	2037	-----	59,139	-----	0	0	0	59,139
30	2038	-----	59,139	-----	0	0	0	59,139
31	2039	-----	59,139	-----	0	0	0	59,139

MidAmerican Energy Company